JANUARY 18, 1958

foreign trade

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cover Oil dominates the economies of most of the Middle Eastern countries surveyed in this issue, and constitutes our largest single import from this area. Revenues from oil production, directed into development programs, also help to pay for imports of capital goods and thus improve Canadian export opportunities. The photograph shows an Arabian worker at one of the Aramco refineries.

Canada's Trade with the Middle East

What does Canada sell to the Middle East and which countries offer the best export opportunities? Here are brief answers to these questions, as an introduction to the more detailed reports from the Trade Commissioners in each territory that follow.

W. D. WALLACE, *Area Trade Officer for Asia.*

THE significant feature of Canada's trade with the Middle East during 1957 was the fact that, in spite of the Suez crisis, exports to the area will be equivalent to the 1955 and 1956 values. On the other hand, imports, particularly oil, show a substantial decline from the two previous years. The following table discloses that exports to the Middle East for January-September 1957 totalled $10 million and undoubtedly will reach the 1955 and 1956 average of $11.8 million. Imports into Canada from these countries for the first nine months totalled $18.6 million as against $31.6 million in 1955 and $50 million in 1956.

CANADIAN TRADE WITH THE MIDDLE EAST

(in thousands of dollars)

	EXPORTS			IMPORTS		
			Jan.-Sept.			*Jan.-Sept.*
	1955	*1956*	*1957*	*1955*	*1956*	*1957*
Aden	16	9	1	47	73	80
Egypt	1,290	2,539	665	293	165	197
Iran	644	790	1,302	2,063	1,057	390
Iraq	1,170	656	912	1,299	941	143
Israel	4,557	2,724	3,686	1,166	1,511	1,203
Jordan	48	96	58	2	1	4
Lebanon	1,292	1,320	856	17,919	19,600	24
Saudi Arabia	1,243	1,942	1,371	6,985	24,711	15,762
Sudan	....	74	191	50	12	113
Syria	1,044	719	648	1,058	1,351	234
Turkey	647	886	342	743	706	529
Total	11,951	11,755	10,032	31,625	50,128	18,679

Exports to Israel, Saudi Arabia, Iran, Iraq, and Lebanon account for nearly 70 per cent of Canada's sales to the Middle East. During the past year there has been a substantial increase in the value of shipments to Iran, Iraq, and Israel. On the other hand, exports to Egypt, Saudi Arabia, Syria, and Turkey are below the 1956 figures. The principal products exported to countries in this area include wheat, asbestos, milled fibres, aluminum, lumber, agricultural equipment, drugs and chemicals, automobile tires, oil stoves and lamps, washing machines, and motor vehicles and parts.

Canadian imports from the Middle East come primarily from Saudi Arabia, Lebanon, Israel, Syria, and Iran. All the countries except Egypt and Sudan made smaller shipments to Canada in 1957 and there was a particularly large drop in shipments of crude petroleum from Lebanon, Syria and Saudi Arabia. Imports into Canada of dates, nuts, and oriental carpets from the Middle East countries also declined, but not as much proportionately.

General Market Outlook

Canada's share of the Middle East market is not large and in view of political conditions, the outlook for much greater exports to many of these countries is not promising. But there are good opportunities in Lebanon, Iraq, Iran, and the Persian Gulf centres of Kuwait and Bahrain. These markets are almost free of trade controls but they are price and quality conscious and very competitive. They can be further developed by aggressive exporters who are willing to follow up sales opportunities. Personal visits and the appointment of suitable agents under the guidance of the Canadian Trade Commissioners in the area will prove most helpful.

Here is a brief summary of the short-term market outlook in the various Middle East countries:

ADEN—The market for Canadian products is very small. Slight demand coupled with currency restrictions on dollar products offer little encouragement.

EGYPT—Prospects for Canadian sales to Egypt are not bright. Egypt is following a policy of bilateral and payments agreements and her very limited exports to Canada, plus the swing to Eastern European sources of supply, mean that the potential for increasing Canadian trade is small.

IRAN—Foreign exchange is freely available in the country and the large development programs under way mean a competitive market for many products.

IRAQ—This country has a rapidly expanding economy and its oil revenues are being used to improve industry and agriculture. It offers an increasing market for both consumer and capital goods.

ISRAEL—The economy of Israel is in the grip of inflation and the unfavourable balance of trade continues to grow. A large industrial development plan is under way but foreign exchange shortages may retard it. Increased sales from Canada, other than for wheat, will depend entirely on Israel's ability to provide foreign exchange.

JORDAN—The economy of Jordan is not strong. It depends upon a substantial amount of foreign aid, which formerly came from the United Kingdom but is now being received from Iraq and the United States. Currency restrictions make business difficult. Jordan is a small market for Canadian products and there is little opportunity for increasing sales.

LEBANON—Lebanon is one of the principal entrepôt markets for the Middle East, but because it is virtually free from import and foreign exchange controls it is highly competitive. It offers considerable potential for aggressive exporters of consumer goods and raw materials.

SAUDI ARABIA—The economy is based on earnings from the petroleum industry. Following the Suez crisis, foreign exchange and import controls were introduced. Because the greater percentage of the country's income is from the soft currency areas, it prefers to secure its requirements from them. For products other than wheat, foreign exchange availability is the factor governing increased sales.

SUDAN—The Sudan depends almost entirely on its cotton crop for foreign exchange earnings. During 1957 abnormally low cotton sales resulted in a large unfavourable balance of trade. Cotton production for 1958 is expected to be well below normal, and several austerity measures are anticipated in a move to bolster the economy. The prospects for an increase in Canada's small trade with this country are not good.

SYRIA—Economic conditions in Syria have been adversely affected by the unfavourable political situation in the Middle East. There is a definite trend to greater trade with the Eastern European countries. Canadian exporters will do well if they keep their exports to Syria at the level of the past year.

TURKEY—Economic conditions in Turkey have not improved very much. The foreign exchange position remains unfavourable and it is expected that stricter import controls will be enforced. Most business will be done through government tenders (with United States aid funds) for essential requirements for industrial development. Otherwise, there appears to be little prospect of increasing sales to Turkey.

KUWAIT AND BAHRAIN—Those two important Persian Gulf trading centres derive their income primarily from the petroleum industry. They also do a considerable entrepôt trade with the countries bordering the Persian Gulf. They constitute important markets for capital and consumer goods and are becoming more price conscious. The prospects for increasing export sales to Kuwait remain good. On the other hand, lack of direct shipping from Canada, coupled with the fact that Saudi Arabia, the chief entrepôt market, has had a shortage of foreign exchange, will make it difficult to develop further business with Bahrain. •

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Israel

Expansion of sales to Israel depends upon availability of foreign exchange and competitive prices and quality of Canadian goods. Imports rising to meet needs of rapidly growing population and of developing industry.

A. B. BRODIE,
Commercial Secretary, Athens.

ISRAEL'S economy continues to be affected by growing inflation resulting mainly from increased immigration, heavy defence expenditures, higher prices for imports and higher freight rates. Despite strict import controls and record exports, Israel still had a slightly greater trade deficit at the end of September than at the same date in 1956. Sparked by reparation shipments, West Germany has emerged as Israel's second most important supplier of a wide range of industrial raw materials and capital equipment, following the United States. Canadian exports to Israel more than doubled in 1957 but this was entirely the result of greater sales of wheat; the United States, however, with its farm surplus disposal program, continues to be the main wheat supplier.

Budget Problems Increase

Once again the State will balance its budget only by obtaining further revenue; estimates have risen to I£969 million (originally I£849 million) for the fiscal year ending March 1958 and are now to be increased a further I£40 million. The Government will submit a supplementary budget to the Knesset (parliament) shortly for approval.

In the year ended September 1957, Israel provided accommodation and employment for 80,000 new arrivals; a further 70,000 are expected during the current year. In addition to dealing with the continuing immigration problem, the Government has taken action to combat the rising inflation which is weakening the country and endangering its export trade. Government measures taken in recent months to combat inflation include higher subsidies on foodstuffs and consumer goods to hold or reduce the cost of living and thus prevent further wage increases; more extensive and larger subsidies on export products (now including citrus fruit) to safeguard hard-won markets by keeping prices for Israeli goods competitive; stricter control on credits to limit non-essential enterprises; higher import duties on certain commodities; the floating of various compulsory and voluntary loans to drain off excessive purchasing power; the reduction of non-productive public works projects which provide temporary jobs for unskilled immigrants and redirecting them as farm labourers for harvesting cotton, olives, peanuts and citrus fruit. The Jewish Agency has adopted an interim half-year budget totalling I£119 million—mainly from funds contributed by United States Jews—to help pay for resettling new immigrants in farming.

Foreign Aid Required

To balance her foreign exchange accounts for the current fiscal year ending on March 31, Israel estimates that she will receive sufficient earnings from the sources listed below. The foreign currency expenditures are expected to reach $577 million this year ($511 million in 1956-57).

	millions of dollars
Export earnings	130
Invisible exports	56
West German reparations	70–75
Personal restitutions	45–50
U.S. aid (surplus wheat)	50
French credits	45
	396–406
Ex-Im Bank loan (requested)	75
From Jews abroad (bonds, gifts, investment) about	100

In the nine years of Israel's existence world Jewry, mainly Americans, has provided about $900 million in contributions and loans to resettle 900 thousand immigrants in Israel. This increased population has, during the same period, cost the Israeli economy a further I£600 million in local currency and it may take I£400 million more to provide permanent jobs and shelter for almost 100 thousand people still housed in temporary quarters. So far, $410 million worth of equipment and other supplies from West Germany has flowed in out of the total of $822 million which Germany has agreed to provide by 1965 under terms of its reparation agreement with Israel. Israel's foreign indebtedness, mostly in long-term obligations, amounted to $598 million at the beginning of 1957. Gold and foreign exchange holdings at the end of October 1957 totalled $50 million, enough to cover 35 per cent of the currency in circulation at that date.

Local Production Rising

The index for the gross national product increased to 210 (1949=100) at the end of September 1957; agricultural output rose 16 per cent and industrial production 10 per cent during the year ended that month. Israeli farms reportedly now provide two-thirds of the nation's food as well as new industrial

crops such as cotton, peanuts, rice and sugar beets, thus saving foreign exchange spent to buy these products. Citrus fruit exports earn the biggest share of foreign exchange—a record $50 million in 1956-57—but a more average $44 million is expected this season. Other agricultural products including peanuts, bananas, vegetables, eggs and flowers are now being sold abroad for the first time. The recently completed project which drained Hulah Lake and once malaria-infested marshlands of the north near the Syrian border has added 15,000 acres of fertile farmland for land-hungry Israelis.

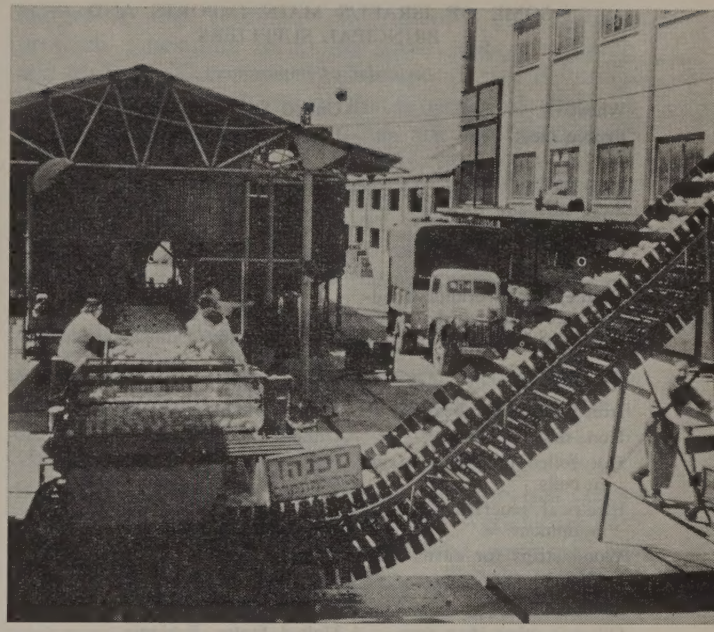
To meet the demands of growing trade with East Africa, Pakistan, India and the Far East, Israel has started to build up port facilities at Eilat on the Gulf of Aqaba; products exported include cement, Dead Sea potash and Negev phosphate fertilizers, and imports consist mainly of oilseeds, meals, hides, meats and coffee beans. Asphalting of the new road linking Beersheba with Eilat is now nearly complete and there are plans calling for future extension of the rail network to the port.

A comprehensive four-year plan to expand industry calls for establishment of 300 new plants and the expansion of the 200 existing ones; the total cost, estimated at almost $300 million, will be met mainly from foreign capital investment. Slated for expansion under the program are metals, textiles, chemicals, food processing, pulp and paper, building materials, diamond cutting and polishing, rubber tires and tubes, wood, glass and ceramics. The Israeli merchant marine, which consists of 35 ships, is modernizing with the help of German reparations. West German shipyards have already supplied 13 ships totalling 86,000 tons and valued at $30 million. Eight more ships, totalling 76,000 tons and costing $25 million, are scheduled for delivery this year. Oil, discovered on Israeli territory for the first time two years ago, now supplies about 7 per cent of the country's annual needs of 1.3 million tons.

Foreign Trade Expands

Israel's foreign trade continued to expand during 1957. The increase would have been even greater and perhaps sufficient to cover fully the needs of the rapidly growing population and developing industry, except for the various import licensing, foreign exchange and bank credit controls which were maintained. Imports rose to $304 million and exports reached $107 million in the first three quarters of the year, up from $276 million and $82 million respectively for the 1956 period.

Increased expenditures on imports went mainly for industrial raw materials and consumer goods, although they were lower for fuels, capital equipment and



Citrus fruit has become Israel's biggest foreign-exchange earner; brought in a record $50 million in the 1956-57 season. Here Jaffa oranges are packed in boxes for shipment overseas.

machinery for development projects. Most of the main commodities imported and the suppliers, in order of importance, are shown in the accompanying list. The United States continues to be chief supplier of a wide range of foodstuffs, machinery and raw materials, followed by West Germany and the United Kingdom for machinery, equipment and raw materials. Other important suppliers are Italy, the Netherlands, Switzerland and Finland.

Foreign exchange revenues from exports and contributions from United States Jews financed about half of total imports; German reparation funds added 14 per cent and United States aid and surplus shipments another 10 per cent. Capital transfers, imports by immigrants and gift shipments covered about 7 per cent. Barter trade accounted for less than one per cent of total imports.

Higher sales of citrus fruit, which earn about half the total income from exports, and of polished diamonds, which represent 20 per cent of export trade, mainly accounted for Israel's increased earnings of foreign exchange; exports of fruit juices and preserves, tires and tubes, chemical fertilizers, cement, drugs and medicines (including antibiotics), vehicles, plywood, woollen yarns, raincoats, and peanuts rose as well. Also contributing were some comparatively new export items.

The United Kingdom remains Israel's most important customer for citrus fruit and industrial products, followed by the United States which buys most of the

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SOME OF ISRAEL'S MAIN IMPORTS AND PRINCIPAL SUPPLIERS

(in order of importance)

Wheat	—United States, CANADA
Frozen meat	—United States, Ethiopia, French Africa
Soya beans for oil	—United States, Turkey
Steel bars and rods	—West Germany, Italy, United Kingdom, United States
Coniferous lumber	—Finland, Yugoslavia, Roumania, CANADA
Textile, metalworking, food-processing and other industrial machinery	—West Germany, United Kingdom, United States
Iron sheets	—United States, West Germany, Italy
Iron pipes and tubes	—West Germany, France
Iron, tinned plates	—United States, France
Hot rolled mild steel strips in coils	—West Germany, United States
Electrical generating equipment	—West Germany, United States
Wood strips for citrus fruit cases	—Yugoslavia, Portugal
Seed potatoes	—United Kingdom
Oilseeds other than soya	—United States, Ethiopia
Kraft paper	—Finland
Timber	—French Africa
Fish and meat meal	—South Africa, Norway, Ethiopia, United States
Oilseed cake and meal	—Turkey
Barley	—Algeria
Medical equipment	—West Germany, United States
Artificial silk yarn and fibre	—Italy, West Germany, Finland
Edible fats	—West Germany
Insecticides	—West Germany, United States
Moulding powders	—United States, United Kingdom, West Germany, Italy
Cardboard and cartons	—Finland
Mechanical pulp	—Finland, Sweden
Hot rolled mild steel wire	—West Germany
Scientific apparatus	—United States, United Kingdom, West Germany
Frozen fish	—Norway
Tobacco	—United States, Turkey, Greece
Proprietary drugs and medicines	—United States, Netherlands
Nylon fibres and yarns	—United States, Switzerland
Aluminum ingots	—United Kingdom, Italy, CANADA
Zinc ingots	—Belgium, Poland
Earthmoving equipment	—United States
Brass and copper wire	—Italy, West Germany
Insulated wire and cable	—West Germany
Passenger cars	—United Kingdom, United States
Rubber tires and tubes	—United States, West Germany
Paper for citrus fruit packing	—Sweden

output of polished diamonds and some industrial goods. Belgium is in third position, buying mostly polished diamonds and citrus fruit, followed by West Germany with citrus fruit. Finland and France are also good markets for Israeli citrus and Switzerland for diamonds and citrus. Trade with Soviet countries and with Yugoslavia during the first half of 1957 accounted for only 3 per cent of Israel's total imports and about 11 per cent of exports.

Canada-Israel Trade Prospects

Canada's share of Israel's import trade improved considerably during the first nine months of 1957 compared with the same period in 1956; much larger shipments of wheat were the main reason. Up to the end of September, we shipped some 1.31 million bushels against a total of 377 thousand bushels for the whole of 1956. Total exports to Israel, at about $3.7 million for this period (compared with $1.55 million for the same period of 1956) placed Canada in eighth place (14th in 1956 and 11th in 1955) as a supplier of Israeli imports. Sales were down for a number of Canadian products such as canned meats, aluminum ingots, calfskins, tissue paper, copper rods and bars, and polystyrene but there were encouraging increases for other products such as crude asbestos, lumber, antibiotics, drugs and chemicals, acids, automobile parts, agricultural machinery, implements and parts, steel rods, and radio and telecommunication equipment.

On the import side, Canada bought fewer polished diamonds, Jaffa oranges and other citrus fruit, and less plywood during the first eight months of 1957, but at the same time purchased more of Israel's cotton and synthetic clothing, raincoats and confectionery chocolate. However, the net result was that Canadian purchases from Israel in this period fell by $85,634 to $1,061,380. Pickles, olive oil, phonograph records, china and porcelainware are comparatively new Israeli items on the Canadian market; other goods regularly sold here include brass valves and manufactures, textile products, sugar confectionery, wines and brandy, razor blades, toilet soap, candles, dolls and handicrafts.

The Israelis continue to buy essential goods in Canada whenever foreign exchange is available and our prices are competitive. An example of this is our greatly increased shipments of wheat in 1957. If Israel can increase her exports to Canada this should, in turn, lead to a further expansion of Canadian sales to Israel.

Export earnings, contributions from Jews in North America, and some offshore purchases under United States aid funds provide foreign exchange which Israel can tap for buying in Canada when prices and the quality of our goods are attractive. Exporters willing to offer credit terms, including revolving credit facilities, can further their opportunities for selling to Israel. The Canada-Israel Corporation, and Can-Pal (Canadian Israel Trading Co. Ltd.), both in

Montreal, are purchasing agencies in Canada for the Government of Israel Supply Mission in New York and the important co-operative movement in Israel. Exporters should not overlook these contacts, in addition to normal private trade channels, when seeking sales outlets on the Israeli market. •

Turkey

Good cereal crop helps Turkish trading position and trade deficit for first nine months of 1957 smaller than in 1956. Some agricultural products and minerals may be bartered for essential imports this year. ICA procurement opens up certain opportunities for Canadian firms.

A. B. BRODIE,
Commercial Secretary, Athens.

AT year's end, economic conditions in Turkey were still difficult but no worse than at the beginning. The energetic industrialization program which was launched in 1950 continued at a more normal pace and some of the completed schemes helped to improve the situation. The Central Bank's statement of the position at the end of October showed that currency in circulation had risen to T£3,322 million (T£2,369 million in October 1956) and that net gold reserves totalled T£247 million. The net foreign exchange deficit of the Bank was reported as T£603 million. The trade deficit for the first nine months of 1957 was held at T£119.3 million, compared with an unfavourable balance of T£286 million for the same period in 1956 (T£2.80=US$1.00). The year 1958 may see the revival of private barter trade and a stepping up of state barter transactions through the principal co-operatives and various state agencies.

During the past few years there has been an encouraging flow of private foreign capital into Turkey, with many new industries settling in the built-up centers and in particular, in and around Istanbul. These plants are preparing or assembling a host of products, varying from a wide range of pharmaceuticals to margarine and vegetable oil, tractors, inks, rubber products (including recapping tires), cotton spinning and textiles. Unfortunately shortages of raw materials have seriously handicapped the progress of some of these new factories. Those that are able to depend largely on processing raw materials obtainable within the country have achieved remarkable results. It is this latter type of operations which the Turkish Government is endeavouring to attract under its law for the encouragement of foreign capital investment.

Agricultural Production Rises

In comparison with prewar years, production of agricultural produce has risen sharply, giving Turkey a current index of over 183 (average 1934 to 1938=100). Cereals, tobacco, cotton, sugar beets, fruits and nuts continue to make up the principal crops vital to the economy. The Ministry of Agriculture has over the past few years placed added emphasis on agricultural research, educational work and technical services, thereby giving the farmers a more scientific and mechanized approach to farming. Moreover, the Government's general support prices—which have been granted to most of the main crops—certain tax benefits, and other distinct advantages (including access to reasonably priced fertilizers) have done much to induce farmers to increase output.

Preliminary official estimates for 1957 placing the cereal crop at 13.5 million metric tons are very encouraging after the successive crop failures of the last three years (1956 production was 11.8 million tons). Hectares sown during 1957 totalled about the same as in the previous year (12.4 million hectares, 30.6 million acres). Although the 1957 wheat crop yielded 7.6 million metric tons (6.4 million tons in 1956), it is expected that Turkey will still import between 450/600,000 tons of surplus U.S. soft wheat for delivery during the 1957/58 season. If this is so, she will probably be able to export some hard wheat, perhaps as much as 300 to 400 thousand metric tons.

With the 1957/58 export season well under way, current estimates of some of Turkey's better known crops can be summarized thus:

	1956 final estimates	*Approximate carryover into 1957/1958*	*1957 estimates*
	m. tons	*m. tons*	*m. tons*
Sultanas	93,000	9/10,000	50/55,000
Figs	32/34,000	3/4,000	30/32,000
Cotton	155/165,000	.....	105/120,000
Hazelnut kernels	55/60,000	8,000	20/25,000

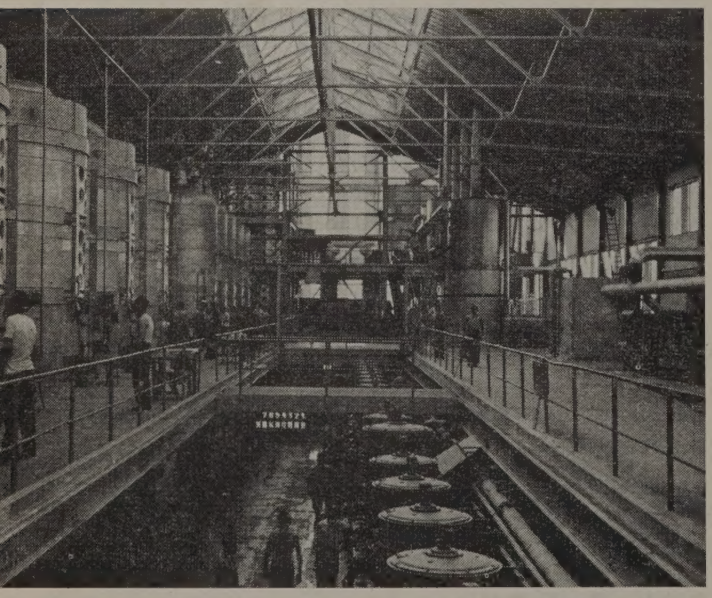
Foreign Trade Policy

In an effort to conserve foreign exchange, Turkey has had to reduce her imports still further and confine her purchases to the barest essentials. Imports totalled

T£812.3 million in value for the first nine months of 1957 compared with T£898.2 million for the same period of 1956. The principal supplying countries continue to be the United States, West Germany and Italy, in that order. Turkish exports, at T£693.0 million, increased over the T£611.6 million for the same period of 1956. The sale of Turkish produce, (principally tobacco, cotton, and hazelnuts) for the settlement of payments arrears by means of "special deals" has been one of the factors responsible for the rise.

With the return of the Democratic Party to power for the third time since 1950, businessmen expect that the Government will give further encouragement to foreign firms to submit offers for certain specified Turkish products against exports to Turkey of goods essential to the economy. This type of business will, of course, depend largely on whether Turkey has available supplies or surpluses of certain agricultural products and minerals of interest to outside countries. Canadian firms that wish to be alerted to any move the Minister of Commerce, His Excellency the Honourable Mr. Abdullah Aker, may make in this direction during 1958 are urged to appoint reliable Turkish firms to look after their interests.

The U.S. aid program continues to play a large part in helping the Turkish economy by concentrating on vital commodities required to keep the country's industrial and agricultural development buoyant. During the past nine years (from April 3, 1948, to June 30, 1957), the various U.S. aid programs, which have totalled almost $619.6 million, have afforded an opportunity for Canadian firms to do some effective Turkish business. Agricultural equipment, chemicals and pit-props have made up the bulk of the Canadian exports. (Canadian sales to Turkey totalled $342 thousand in the first nine months of 1957, compared with $790 thousand in the same period of 1956.) The pattern of ICA procurements for 1958 in Turkey will be substantially the same as during the past year. Canadian firms that are not already receiving current procurement announcements from the Office of Small Business, International Co-operation Administration, Washington 25, D.C., are urged to have their names placed on the mailing list.



Turkey is endeavouring to establish industries based on domestic raw materials. This sugar refinery in northwestern Turkey, for example, processes home-grown sugar beets. The 15 refineries now operating meet domestic needs and in 1956 had a modest surplus that went to export markets.

Turkish-Iranian Pipeline Project

Serious discussions on the proposed scheme to pipe oil from the Qum oilfields to Iskenderum (Turkey) have taken place between Turkish and Persian officials during the past year. Technical and financial details still remain to be worked out. The 920-mile pipeline, if completed, will cost at least $500 million for a line which will have an initial capacity of between 25 million and 30 million tons and may be increased to 70 million tons thereafter.

The producing oil wells within the country are developing at a satisfactory rate—approximately 305,616 tons of crude oil in 1957—with new strikes of a minor nature taking place near Babaeski (Thrace) and in the neighbourhood of Cizre (southeastern Turkey near the Syrian border) during the past year. The Batman refinery which is cracking oil from Turkish wells produces almost 20 per cent of Turkey's fuel requirements. The new oil refinery (which is being planned with the financial support of a consortium of four main oil suppliers in Turkey) will probably be started during 1958. Technical details will be centralized at the office of Turkiye Petrolleri Anonim Ortakligi, 23 Sakarya Caddesi, Ankara. Interested Canadian firms should—preferably through a responsible Turkish agent—keep in close touch with this state organization which under the Petroleum Law is authorized to handle all petroleum operations.

The Outlook

Despite critical shortages of foreign exchange, serious payment arrears and growing inflation, the Turkish authorities are facing their problems with courage. They are confident that their industrial expansion and modernization programs—including giant road-building projects—will some day reap results. With potential mineral wealth within the country and encouraging oil reports coming in from the prospectors, this hope may be happily realized. Meanwhile, trade between Canada and Turkey will continue at a snail's pace. ●

Bahrain

Oil and entrepôt trade continue to be main sources of revenue and pay for imports valued at about £20 million a year. Lack of foreign exchange and shipping problems are hampering growth of Canadian trade with this tiny state.

C. O. R. ROUSSEAU,
Commercial Secretary, Beirut.

BAHRAIN, composed of a group of small islands halfway down the Persian Gulf near the coast of Saudi Arabia, is an independent Arab state under British protection. The population totals 120 thousand and oil is the mainspring of the economy. The estimated oil reserves total about 165 million barrels —about 0.1 per cent of world reserves—and production, which is in the hands of the Bahrain Petroleum Company*, reaches 1.5 million tons a year. The oil company also operates a refinery, the third largest in the Middle East, after Abadan in Iran and Ras Tanura in Saudi Arabia. Its output totals about 209 thousand barrels a day. Besides refining the oil produced in Bahrain, the refinery processes Saudi Arabian oil which comes through two 12-inch pipelines from Dhahran and supplies 80 per cent of the refinery's capacity.

At the beginning of the oil concession given to the Standard Oil Company in 1934, the Bahrain Government received a royalty of 3 rupees 8 annas per ton; in 1950, the figure rose to 10 rupees a ton. In December 1952 Bahrain worked out a profit-sharing arrangement with the company, similar to the Saudi Arabian plan and retroactive to January of that year. At the same time the Government extended the original concession for a further period, bringing the expiry date to the year 2024.

Main Sources of Revenue

Actual figures of oil revenue to the Government since 1955 are not available but in 1953 it totalled $5 million; in 1954 it increased to $11.09 million and in 1955 fell to $8.4 million. It is not possible to discover the reasons for fluctuations in revenue and no statistics for 1956 and 1957 are available. Thus it is difficult to show a trend or pattern.

*The Bahrain Petroleum Company Ltd. is wholly owned by Standard Oil of California and the Texas Company.

Bahrain also obtains some revenue from the ancient industry of pearl-diving. No statistics are published but there are indications that this industry is declining. Industrial employment sparked by the oil boom makes it difficult to find people who will take up pearl-diving.

In recent years, Bahrain has experienced labour unrest but the Government, one of the most democratic in the Persian Gulf area, enacted a Labour Code in 1957 effective January 1 of this year. For the first time conditions of employment are regulated. The Code controls the number of hours worked and provides for a weekly holiday and compensation for accidents. This move should have a stabilizing effect on the labour market.

Import and Transit Trade

Bahrain's second source of revenue is its entrepôt trade. The Persian Gulf coastline around Saudi Arabia is shallow and large freighters must anchor far out to sea; lighterage costs under these circumstances are too high. Transhipment from Bahrain in shallow-draft "dhows" proves practical; these single-masted ships of about 200 tons are the chief means of water transport around this part of the Gulf.

About 70 per cent of imports into the island move on to buyers on the mainland, principally in Saudi Arabia; the revenue to Bahrain amounts to 2 per cent of the value of the goods. In October 1957, however, the Government announced that it would introduce a "free zone" and that it would abolish the tax on transit goods from January 1958. In 1957, because of a lack of foreign exchange in Saudi Arabia, the transit trade from Bahrain to that country suffered greatly and in August it ground almost to a halt. This is one reason why the Bahrain Government decided to abolish the 2 per cent tax on goods in transit.

Duties on Imports

Import duty in Bahrain varies from 5 to 15 per cent, according to the nature of the goods: 5 per cent on general merchandise such as foodstuffs, cotton piecegoods, building materials, etc.; 10 per cent on luxury goods, such as silk piecegoods, radios, gramophones, motor vehicles, electrical goods, etc.; 15 per cent on alcohol, tobacco and cigarettes.

Canada and Bahrain do not exchange most-favoured-nation tariff treatment. Imports from Bahrain into Canada are subject to the general tariff rates; imports into Bahrain from all countries are subject to the same rates of duty.

Saudi Arabia and Qatar, and other territories in the area, have been endeavouring to import direct. This has had some effect on Bahrain's transit trade but not as much as was anticipated. Saudi merchants

proved to be lacking in experience and know-how in the handling of direct imports through Saudi Arabia's eastern ports and importers have continued to use Bahrain facilities. In 1957 total shipments to Saudi Arabia declined somewhat because of the number of bills drawn on Saudi merchants remaining unpaid. Many Bahrain merchants requested their suppliers to defer shipments for fear of further overstocking an already well-supplied market.

Other Features of Trade

Actual imports are estimated at £15 million to £20 million a year; the United Kingdom is the principal supplier with 20 per cent of the trade, followed by India and the United States. The chief imports by and through Bahrain are automobiles, domestic appliances and foodstuffs (mainly rice, sugar and tea), and also flour from India.

An interesting feature of the transit trade is the exchange of goods between Bahrain and Iran. Dhows carry tea, rice and sugar from Bahrain and return from Iran with sheep, goats, some cattle, and fresh vegetables. Most of this trade is on a barter basis and its value is hard to calculate.

Canada's trade with Bahrain is not large, only about an estimated $40,000 a year. Lack of direct shipping service from Canada hampers our trade and it is further affected at the present time by lack of foreign exchange in Saudi Arabia, Bahrain's main market. ●

Iraq

The Suez crisis and a succession of poor crops have affected Iraq's exports, but development projects financed by oil revenues are continuing. Imports emphasize capital goods, but consumer purchases expected to increase. Canadian exports rising, with the exception of wheat.

C. O. R. ROUSSEAU,
Commercial Secretary, Beirut.

IRAQ is in the fortunate position of possessing natural resources not found to the same extent in any of the neighbouring Arab States. The Tigris and Euphrates Rivers which cross the country from northeast to southwest provide water—a valuable asset seldom found in this part of the world. This, coupled with large revenues from the oilfields, can restore the fertility long lost through disuse of the ancient irrigation systems. Against these assets there are various liabilities, such as the danger of soil salination, the frequent floods, and the prevalence of diseases such as malaria. The Government, through various surveys made with foreign help, is aware of all these factors and through a Development Board is spending part of its oil revenues to meet the many problems.

The Government's total oil revenue now averages about $200 million a year and of this 70 per cent goes to the Development Board. One reason for the Board's large allocations for the improvement and expansion of agriculture and industry is the desire to make the economy less dependent on oil revenues.

The closing of the Suez Canal at the end of 1956 and the blowing up of the pipeline pumping stations in Syria gave Iraq something of a setback. In addition, agricultural crops in 1954, 1955 and 1956 were rather poor. Fortunately large surpluses in oil revenues for the period from 1952 to the end of October 1956, when the Suez crisis occurred, made it possible for the Development Board's projects to continue.

Petroleum Production Drops Slightly

Iraq's oil reserves are estimated at 22 billion barrels, or 10.6 per cent of the world total. Oil production rose from 8.13 million tons in 1951 to 32.31 million tons in 1955, but dropped in 1956 to 31.31 million tons. The royalties paid by the concessionary company to the Iraq Government have followed the same pattern, increasing steadily from $39.92 million in 1951 to $223.37 million in 1955 and dropping to $192.64 million in 1956. During the first six months of 1957 production reached only 8.1 million tons; the decrease was mainly the result of the delay in repairing the pipeline pumping stations in Syria.

Cereal Crops Improve

Arable land in Iraq totals 5.5 million hectares, with only 3.25 million under cultivation. As the "fallow" farming system is followed, this means that only half this area, or 25 per cent of the arable land, is used

each year. With the $430.5 million allocated by the Development Board to agriculture during the current five-year plan, it is hoped to bring most of the arable land under production. The money is being spent on irrigation, well drilling, food control, etc.

Iraq has had rather poor crops during the past few years but the 1957 wheat harvest is estimated at over a million tons, nearly 44 per cent over the previous year and more than double normal domestic requirements. Export permits are being granted for the surplus. In 1957 the barley crop reached 1.3 million tons against 1.01 million tons in the previous year; stocks are high and the heavy surpluses are moving slowly because of high prices.

Iraq is the largest date producer in the world with an average crop of 350 thousand tons a year. Marketing the crop has been a source of worry but new fumigation systems and better packaging have been introduced and are expected virtually to solve the marketing problem. Estimated sales of the 1957 crop so far include 20,000 tons to the U.S., 15,000 tons to Europe, 4,000 tons to Canada, and similar quantities to South Africa, Australia, New Zealand, etc.

Development Programs Succeeding

The Iraq Development Board was created in 1950 to co-ordinate the various projects hitherto carried out by different Ministries. The Ministry of Development (incorporating the Development Board) was formed in 1953 and made directly responsible to Parliament, as required by the constitution. The Board's revenues include 70 per cent of oil revenues, funds voted by legislation, loans, and income from completed projects before they are handed over to the Ministries concerned. For the five-year program 1955-60, the original funds of $851.2 million have been increased to $1,400 million—nearly three times the amount allotted to the first five-year program 1950-55 ($547.9 million). Development Board projects affect every basic sector of the economy in varying degrees, with the emphasis at present on irrigation and flood control, roads and bridges, industry, mining, power, housing and public buildings, public health, and the distribution of state-owned developed lands to farmers.

Iraqi development is of interest to foreign consultants and contractors because every large project is offered for international tender and widely advertised. The consultants and contractors most successful in winning contracts to date have been from the United Kingdom, the United States, Belgium and Germany, and virtually all of these have offices or representatives in Iraq.

Industrial Development Encouraged

Until a few years ago, all but a few unimportant commodities were imported into Iraq. One of the main concerns of the Government therefore has been to promote industrial development, especially when raw materials are available locally. Already a big change has taken place and Iraq can pride itself on having a bitumen factory, oil refineries, many cement, shoe and textile plants. Under construction or survey are four sugar refineries, a paper mill, natural gas and sulphur extraction plants, a rayon factory, a fertilizer project and many others. Early in 1958, bottled gas for domestic use is expected to be on sale for the first time in Baghdad. To meet the electricity demand of the large industrial expansion, power generating stations are under construction in

—Iraq Petroleum Co.

The world's largest date producer, Iraq's annual output averages about 350 thousand tons. Dates rank third among the country's exports, next to crude oil and grain. Canada bought an estimated 4,000 tons in 1957, put up in wooden boxes like these.

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Dibbis, Baghdad and Basra, and $50 million has been set aside to meet the cost of the initial stages of these three stations alone.

Export Trade Down

The export trade of Iraq, mainly based on oil, was greatly affected by the closing of the Suez Canal and the blowing up of the Iraq Petroleum Company's pipeline pumping stations in Syria, because 90 per cent of the oil normally is exported. Statistics for 1955 and 1956 reveal the preponderance of oil in Iraqi exports. In 1955 oil exports totalled ID 168.1 million* and all other exports totalled ID 15.9 million. In 1956 oil exports reached ID 156.6 million against ID 13.2 million for other items. The reason for the drop in oil exports in 1956 was stated earlier, but the decline in exports of other commodities has been chronic since 1952 and mainly results from poor crops, the decline in prices in foreign markets, and in 1956, partly to the blocking of the Suez Canal.

The leading exports after oil are barley, wheat, dates, cotton, wool, seeds, livestock and hides. Apart from oil, 36 per cent of Iraq's export trade is carried on with the countries of the Middle and Far East and was therefore not affected by the Suez Canal stoppage. The other 64 per cent of trade is with the West, principally the United Kingdom, Germany, Denmark, the Netherlands, Italy, Belgium and the United States; exports consist largely of barley, maize, wheat, cotton, wool and skins. This trade was badly affected by the break in communications caused by the Suez incident.

There has been an interesting change in the movement of oil from Iraq. The OEEC countries stepped up their purchases greatly—from 59.3 per cent to 68.4 per cent in 1955 and 1956 respectively, but the United Kingdom dropped from 11.4 per cent in 1955 to 5.8 per cent in 1956. (The difference is nearly as great as the total purchases of the United Kingdom in 1956.) Oil imports into the U.S. and Canada, however, rose from 2.2 per cent in 1955 to 5.1 per cent in 1956, and this is important because it increases the much-needed dollar revenue.

Capital Goods Lead Imports

Because of the money being spent on Iraq's development, imports of capital goods are nearly double the value of those of consumer goods. In 1956 capital goods imports rose by 23 per cent over the 1955 figure—from ID 44.7 million to ID 55.2 million, the highest figure on record (the average for the period 1952-54 was ID 23 million). On the other hand, the value of imports of consumer goods fell from ID31.1 million in 1955 to ID30.5 million in 1956. This decrease is partly explained by the availability of large stocks from 1955; these disappeared at the end of 1956 when the Suez crisis caused heavy buying. Statistics for 1957 are not yet available but a substantial increase in imports of consumer goods is expected.

The principal imports are iron and steel, machinery, automobiles and parts, tea, artificial silk goods, electrical machinery and apparatus, chemicals and pharmaceuticals, timber, clothing, rubber, paper, etc. The seven principal supplying countries are the United Kingdom, the United States, Japan, Germany, France, Belgium and Holland.

Customs Tariffs and Import Restrictions

In 1956 the Iraqi customs regulations were revised and although the changes resulted in a loss of revenue of approximately ID 500 thousand, the revision is considered an important step in streamlining and modernizing customs procedure to meet the demands of an ever-growing economy. The changes include a reduction in customs duty on raw materials, semi-manufactured items and capital goods, as well as on some consumer goods such as sugar, tea, etc. Duties on cement, soap, shoes, vegetable oils, poultry, dairy products and certain cotton and woollen textiles were increased, largely as a protective measure. Export duties were abolished except on unprocessed gold and re-exported goods.

Imports are divided into three sections: imports from the sterling area, imports from hard currency areas, and prohibited imports. Specified goods imported from the sterling area and soft currency countries are under quota decided annually; goods not included in the list do not require an import licence. A similar list covers all imports from hard currency countries and licences are essential. The prohibited list covers agricultural products, textiles and manufactured goods produced in Iraq.

Canada's Trade with Iraq

During 1953 and 1954, Canadian exports to Iraq totalled slightly less than half a million dollars; in 1955 they showed a marked increase to $1.17 million, but in 1956 the figure fell to $648,486. The sharp increase in 1955 was the result of wheat purchases worth $660,660, but in 1956 wheat accounted for only $86,000. It is encouraging to note that in the first nine months of 1957, although Canadian wheat was not sold to Iraq, exports rose to $911,938.

Canada's principal exports to Iraq are aluminum ingot, tires, agricultural machinery and parts, plastic laminate, kerosene cooking stoves, space heaters, Douglas fir, asbestos, brake linings, chemicals, pharmaceuticals, and powdered milk.

*Iraq dinar=Can. $2.71.

Iraq has one of the most rapidly growing economies in the world, with the market for both consumer and capital goods increasing constantly. It should be considered by Canadian exporters interested in this area. Canada and Iraq exchange most-favoured-nation treatment without any formal trade agreement. •

Jordan

Burdened with the Arab refugee problem and lacking in natural resources, Jordan must depend on outside aid—now mainly from the United States—to keep its economy going. It is possible to sell some Canadian goods but demand limited.

C. O. R. ROUSSEAU,
Commercial Secretary, Beirut.

IN 1948 Jordan had to absorb the major part of the refugees from Palestine, numbering some 500 thousand, as a result of the conflict between Israel and the Arab States. Its economy has never been strong because of the lack of natural resources and the influx of refugees added to the strain. The full significance of the refugee problem is best realized when we keep in mind that the total population of Jordan before 1948 was only 550 thousand. The United Nations through UNRWA has provided the main support for the refugees over the past nine years; the assistance includes rehabilitation and education.

Ending of the British subsidy of £12.5 million, used to finance the famous Arab Legion and to help support the budget and development programs, further aggravated the economic problems. Saudi Arabia, Syria and Egypt were to have replaced the subsidy but because of political friction Syria and Egypt did not pay up. The situation would have become very difficult had not Iraq and the United States stepped in with aid; since May of 1957, the United States has provided $40 million. It is understood that United States assistance will continue in the future.

The total area of Jordan is approximately 9.8 million hectares (about 24.5 million acres) and agriculture provides the livelihood of approximately 80 per cent of the population. The arable land is limited and totals only about one million hectares (2.5 million acres); of this amount 25,000 hectares (87,500 acres) are irrigated but most of the rest must depend on uncertain rainfall. The Government, in co-operation with U.S. Point IV experts and the Development Board, is making an effort to improve agriculture. The Jordan Valley, which is receiving special attention, could yield valuable results; climatic and other conditions enable crops to be harvested nearly all the year.

Main crops grown, with production in thousands of tons in 1956, include: wheat (242 thousand), barley (96,000), legume seed crops (59,000), corn (10,000), vegetables (178,000); grapes (37,000), other fruit (32,000), olives (72,000), and tobacco (2,000).

Industry Is Limited

Industry in Jordan is based largely on the processing of agricultural products; most important are olive-oil plants and soap and cigarette factories. Three large modern cigarette factories supply the entire local demand and leave a small surplus which Iraq absorbs. There is also a modern match factory; a new cement factory producing 220 tons a day has eliminated the need to buy cement abroad. Recently a large shoe factory opened to complement the existing small ones; this will mean a large saving of foreign exchange. Excellent marble is quarried, prepared and sold locally and in other Arab markets. Wood carving and embroidery carried on in Bethlehem and glassware produced in Hebron round out the current industrial scene. A new company formed with Arab capital to construct an oil refinery near Amman is expected to begin producing within two years.

Phosphates Are Main Export

Phosphates are the chief group of minerals found in Jordan and are the main source of export earnings. Known deposits of phosphates in the country total about 30 million tons. From 1954 to 1956 production increased from 80,000 to 208 thousand tons and the Jordan Phosphate Company hopes to boost output to one million tons a year by 1960. This should bring in about JD 4.5 million to the country at current prices. Latest development has been a call for tenders to build a superphosphate plant to cost JD 1 million; the plant's 150-thousand-ton capacity is expected to supply the combined market of Jordan and Syria.

Potash found in the Dead Sea area was mined in quantity before 1948 but the Palestine hostilities halted production; Israel resumed output in 1952 at the south end of the sea. A Jordan potash-mining company, financed by the Government and with capital from

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Saudi Arabia, Iraq, Egypt, Lebanon and Syria, will exploit the deposits within the country; the company will recover bromine and magnesium as well as potash.

So far few other minerals have come to light in Jordan. A United States company is looking over oil possibilities and the Government is studying plans to prospect for iron ore; copper has been discovered but the quantity and quality of the deposit are not known.

Import Permits Required

There is a short list of prohibited imports, which includes cement, alcoholic beverages, soft drinks, cigarettes, etc., and import permits are needed for all items except certain ones from other Arab countries. The authorities do not issue licences to buy from dollar sources if the commodity is readily available from soft currency countries. The Ministry of Economics authorizes imports of industrial machinery. However, importers can arrange to buy most dollar goods through Arab League countries with free exchange markets, such as Lebanon.

Foreign Trade

Jordan's trade is traditionally in deficit and the gap between imports and exports appears to be continuing, as the following table indicates.

	Jan.-March	*(000's Jordan dinars)*		
	1957	*1956*	*1955*	*1954*
Total Imports	9,200	27,819	27,058	19,840
Total Exports	1,385	4,379	2,619	2,434

A partial explanation for the trade deficit is the large amount of military equipment brought in.

Chief exports are vegetables and plants, phosphates, fruit, olive oil, pulses, hides and skins, marble, tobacco and religious articles; principal markets are Lebanon, Syria, Iraq, Czechoslovakia, Yugoslavia, Saudi Arabia, India and Italy.

Main supplying countries are the United Kingdom, Lebanon, West Germany, the United States, Syria, Saudi Arabia and Italy. Now that the United States has taken over as the main source of aid to Jordan, it may replace the United Kingdom as chief supplier. Principal imports are mineral and fuel oil, iron and steel, cereals, yarns and textiles, automobiles and cycles, boilers, leather, lumber, electrical machinery and equipment.

Trade with Canada is insignificant and in 1956 total commercial sales amounted to less than $40,000 and consisted mainly of small amounts of tires, washing machines, stoves and pharmaceuticals; our imports from Jordan totalled just over $1,000 and consisted chiefly of religious articles. •

Kuwait

This small but rich market imports about $112 million worth of goods a year. Competition is keen, and a good, well-supported agent is essential.

C. O. R. ROUSSEAU,
Commercial Secretary, Beirut.

TEN years ago this tiny sheikhdom of less than 6,000 square miles had nothing but its pearl industry and sea trading to support, most inadequately, its 200 thousand people. Today Kuwait receives oil revenues amounting to $280 million a year. The ruling Sheikh directs a considerable portion of the oil revenues into development programs that provide schools, roads, houses, hospitals, a deep-water port and an airport. The people receive free education, medical care and social services. With oil reserves estimated at 50 billion barrels—24.1 per cent of total world reserves—Kuwait is in a unique position. Although limited by its small population, this market absorbs about $112 million worth of imported capital and consumer goods a year.

Tariffs and Import Regulations

Except for alcoholic beverages, no import licences are required. The duty levied is a flat rate of 4 per cent on the invoice value of all goods except certain products which the oil companies import, fresh fruit and vegetables, livestock, books and magazines, precious metals and precious stones, which enter free of duty.

There is no formal trade agreement between Kuwait and Canada according most-favoured-nation treatment. Imports from Kuwait into Canada enter under our general tariff rate; Kuwait applies equal import duties on goods from all countries.

Foreign Trade

In Kuwait's export trade, oil completely dominates every other commodity. Of the oil output (which reached 54.98 million tons in 1956) only a very small percentage is kept in the country for domestic use. Goods in transit through Kuwait total between £2 million and £3 million in value a year and oil royalties bring in about £100 million. A refinery at Mina al Ahmadi processes 30,000 barrels of crude oil a day.

Imports into Kuwait reached a value of £41 million in 1956. Normally they fall into three groups—capital

goods, consumer goods, and purchases made by oil companies. In the early stages of development, most capital goods came from the United Kingdom because most of the consulting engineering firms were English. However, since 1954 Kuwait has purchased capital goods for major projects through international tender and gradually the United States has supplanted the United Kingdom in first place. The Kuwaiti taste in consumer goods is changing and western-type goods have been largely adopted. Competition from Europe is strong in this field and agents must be given all possible co-operation from suppliers to meet it. The Kuwait Oil Company, owned by British and American interests, has built a town for 10,000 people outside the city of Kuwait and the company buys for this community through local agents whenever possible.

Trading in Kuwait

Because only local agents can obtain documents for tenders, a good local representative is essential. The market is becoming more and more price-conscious and servicing is a "must". Good agents are becoming difficult to find and most of the best firms already have too many agencies. To persuade the agent to work on a line, the exporter must pay special attention to his correspondence and as soon as possible a company representative from Canada should visit him. The Kuwait agent especially appreciates the personal touch; a visit from his foreign principals usually brings good results. •

Pearl diving has been one of Kuwait's traditional occupations, though today it is far outstripped by oil production. The photograph shows a Kuwaiti merchant at work grading pearls.

Lebanon

This small country offers a relatively unrestricted but highly competitive market. Free Zone at Beirut useful for transit trade and capacity is being increased. Canadian sales to Lebanon, down in the early part of 1957, are now rising.

C. O. R. ROUSSEAU,
Commercial Secretary, Beirut.

THE Lebanese economy was much disturbed by the Middle East crisis at the end of 1956 but has shown great flexibility and strength in quickly regaining its stability. The crisis precipitated heavy runs on local branches of British, French, Egyptian and Arab banks, but the Ministry of Finance, with the co-operation of the government bankers and other large banks, faced the crisis squarely and within a few days the situation became more normal. Simultaneously with the run on the banks came heavy buying of foodstuffs by the general public and this strained supplies. Although the country was adequately stocked and had access to ample supplies, the Government revived price-fixing and made the export of foodstuffs, except fruit and vegetables, subject to prior licensing.

The year 1957 saw the economy return to normal but local credit has been tightened and foreign suppliers have demanded irrevocable letter-of-credit terms. The Lebanese importer who formerly enjoyed very liberal credit terms found it necessary to curtail his own retail credit selling. The credit problem still persists but to a lessening degree and, although many foreign suppliers are still insisting on letters of credit, term payments are becoming more and more general.

Few Restrictions on Trade

Lebanon prides itself on being one of the few countries with a minimum of restrictive trade practices. The list of products requiring import licences is very short and as far as Canada is concerned, the main ones are wheat, wheat flour, powdered milk, varnished leather (patent), and preserved apples. The whole list contains only 25 tariff items and covers chiefly products of the small but growing local industry.

From the time of the Phoenicians, Lebanon has been a commercial centre and the Lebanese businessman is renowned for his business acumen. The Customs Administration is under steady pressure from the business community to keep tariff rates as low as possible.

The result is that, generally speaking, the Government regards import duty more as a source of revenue than as a protective measure. This makes it difficult for the industrialist to obtain protective measures from the authorities, because his arguments are often met with opposition from the trading community—by far the major portion of the Lebanese business interests. The predominance of the trading community, which favours free trade, makes this market highly competitive. Although Lebanon itself, with a population of only 1.36 million, offers a limited market, its consumer capacity is relatively high and as the buying and transit centre for many of the Middle Eastern countries, its purchasing capacity is much greater than appears at first sight.

The complete absence of foreign control in Lebanon is also a great factor in facilitating world trade and in attracting capital from abroad, including some of the oil-producing countries of the Middle East. Much of this capital is channelled towards real estate and this has contributed to the present building boom in Beirut and the adjacent mountain villages.

Where Exports Go

Most of the external trade of Lebanon has been, and still is, with her neighbours and with Western Europe and North America. However, during the past few years the Eastern European countries have made a definite bid to enter this market and have met with relative success. This trend became more pronounced when countries such as the U.S.S.R., Czechoslovakia, Roumania and Eastern Germany started purchasing Lebanese apples and citrus fruit. In 1955 and 1956, over 20 per cent of total citrus exports went to these countries, though Syria remained the principal buyer with nearly half the total.

Exports of apples for 1956 totalled 17,000 tons compared with 12,000 tons the year before. In the past Egypt was the largest importer of Lebanese apples, to a value of between L£2 million* and L£3 million a year. In 1957, with a good crop, Egypt did not buy and new markets had to be found. A small U.K. fruit-buying group visited Lebanon and bought approximately L£1 million worth of apples from the current crop; the rest was absorbed by additional Iraqi, Czechoslovakian, Polish and Saudi Arabian purchases.

During the past three years the Lebanese Government has concluded trade agreements with neighbouring Arab States, Nationalist China, Mainland China, Japan, Western European and Eastern European countries. The latter agreements are based on barter and provide a supplementary market for Lebanon's vital agricultural exports.

LEBANON'S MAIN MARKETS

	1957 Jan.-Sept.	*1956*	*1955*
		(in '000L£)	
Greece	1,709	35,267	30,856
Syria	14,893	18,998	16,567
Saudi Arabia	12,385	19,071	14,123
France	3,822	11,471	6,218
United Kingdom	3,795	10,006	6,972
United States	4,643	7,608	12,464
Jordan	7,302	8,862	6,698
Iraq	6,737	5,278	7,986
Italy	6,206	6,503	3,245
Total, including all other markets	95,413	160,447	136,970

Among the principal exports are vegetable products, foodstuffs, beverages, textiles, precious metals (gold), base metals, and metal products.

Imports Have Risen

Imports have risen since the war. In the following table the principal supplying countries are shown, with values of imports which in 1956 rose to L£606.4 million against L£575.7 million in 1955. (These values are calculated at the official rate of exchange, which is always used for imports.)

LEBANON'S MAIN SUPPLIERS

	1957 Jan.-Sept.	*1956*	*1955*
		(in '000L£)	
Syria	66,715	111,078	88,691
United Kingdom	75,399	71,750	84,809
United States	49,859	69,255	79,368
France	37,022	59,453	58,497
West Germany	32,143	40,695	35,476
Italy	23,341	28,637	24,513
Iraq	14,341	23,476	26,013
Saudi Arabia	16,624	36,416	32,918
Belgium	13,135	20,028	14,683
Total, including all other suppliers	438,509	606,403	575,690

As the table shows, Syria is Lebanon's principal supplier. This trade has remained fairly steady with the exception of 1955 when a bad wheat crop cut down her exports. The United Kingdom comes second, though in the first nine months of 1957 she gained first place. The United States normally comes third.

About half of Lebanon's wheat supply usually comes from Syria; Australia came second in 1956 with 17,208

(Official rate of exchange: US$1=L£2.20
Free market rate December 3rd: US$1=L£3.16)

tons of wheat, followed by Turkey with 2,168 tons. The U.S. shipped 500 tons in 1956.

Canadian Trade with Lebanon

Canadian exports to Lebanon, which in 1952 totalled $9.35 million, declined to a low of $983,000 in 1954 but recovered somewhat in 1955 and in 1956 reached $1.32 million. The decline was mainly the result of the complete disappearance of the market for wheat and a much smaller market for flour. Canada continues to be completely out of the wheat picture but Canadian flour is still sold in varying quantities—in 1955 about 2,478 tons ($191,372) and in 1956 some 6,003 tons ($408,766). For the first six months of 1957, Canadian flour exports amounted to only 958 tons ($72,174). The United States, which shipped 72,000 tons in 1955, retained first place in 1956 although shipments dropped to 32,982 tons. West Germany with 21,360 tons replaced France (13,530 tons) in second place.

In the first six months of 1957 compared with the same period in 1956 Canadian sales to Lebanon went down, but started to recover in June and by September were almost up to the previous year's figure. The main exports from Canada at the moment are wheat flour, aluminum, asbestos, pharmaceuticals, rubber tires, whisky, washing machines, synthetic resin manufactures, synthetic yarns, lumber (Douglas fir), and firebricks.

Although Canada's exports of wheat and flour have diminished, a wide diversity of products has been introduced over the past few years and with adequate sales promotion, this could mean a considerable rise in sales. But because of its freedom from import restrictions and foreign exchange control on most products, this is one of the world's most competitive markets and calls for special effort on the part of interested exporters. Exporters should co-operate with agents in advertising and pricing. And because sales of consumer goods are mainly on time-payment terms, consideration should be given to credit wherever possible.

Free Zone Plays Part

One of the elements in trading with Lebanon and neighbouring countries is the Free Zone within the port of Beirut. In this port modern passenger liners and freighters from all over the world berth alongside the old schooners which ply their trade along the Eastern Mediterranean shores. Port facilities include "Free Zone" warehouses, cold storage and open-air storage space. Cargo-handling equipment is modern and adequate and can cope with loads of up to 50 tons. In 1956 the port handled two million tons of cargo, of which nearly one-third was goods in transit. The Free Zone has an area of 106 thousand square metres and here merchandise is imported and re-exported free of duty. There are public and private warehousing facilities, as well as factories and workshops where about 130 manufacturers and merchants have their own installations. The cargo handled is increasing each year and reached a total of 566 thousand tons in 1956.

Development Projects Proceeding

The Lebanese Government, with the co-operation of the U.S. Point IV program, has under construction or under study rural electrification and irrigation projects, highway development, popular housing, etc., of which the most interesting to Canadian contractors is the Litani project. This is a hydro-electric and irrigation scheme which is as important to Lebanon as the St. Lawrence Seaway is to Canada.

The first studies of the project were completed by Point IV in 1954 and the Litani Authority was created the same year. A further study by a group of French engineers amplified the original scheme and was accepted at the end of 1956 by the Litani Authority. The project envisages the irrigation of 25,000 hectares of land in south Lebanon and the addition of 200 thousand kw. to the electricity generating capacity of the country.

The work has been divided into two phases. Phase A includes the Karaoun dam, the Markabi tunnel, reservoir and hydro-electric plant, the Djezzine tunnel, the Kanane reservoir, the Awali reservoir and hydro-electric plant and the Joun tunnel and is due to be completed between 1956 and 1961. Phase B, to be carried out between 1962 and 1967, comprises enlargement of the Karoun dam, increased capacity of the hydro-electric plants at Markabi and Awali, two further hydro-electric plants at Joun and Zrarye, and another dam at Khardale.

The World Bank has accepted the plans for the Litani and has granted a loan of $27 million. This amount, with the L£60 million provided by the Lebanese Government, covers the estimated financing of Phase A of the project. The office of the Canadian Commercial Secretary in Beirut is in constant contact with the Litani Authority and keeps the Department of Trade and Commerc in Ottawa informed of calls for tender the moment they are published. Interested Canadian contractors should contact the Department for further details.

With all the developments in progress in Lebanon and other parts of the Middle East at the present time, the market for foreign goods for and through Lebanon holds great potential. •

Syria

Political unrest has created some economic difficulties, despite good cereal crops and rising exports. Landed cost of imports has gone up because new rate of exchange is now used for calculating values for import duty. Canadian suppliers may need to work at holding their share of this market.

C. O. R. ROUSSEAU,
Commercial Secretary, Beirut.

THE political situation in the Middle East has somewhat clouded the economic picture in Syria during the past two years. Good cereal, cotton and vegetable crops have given the country a sizable export surplus, but international events have made marketing difficult. Syria has signed new trade agreements with several countries—notably the one with the Soviet Union which involves large loans by Russia to further Syrian economic and industrial development. Of great interest too are the negotiations on a proposed economic union between Syria and Egypt.

At the end of 1956, the Government created a Central Bank which has taken over the responsibility of currency issue from a private bank which had held it for the past 30 years. In the difficult times through which Syria has been passing its currency has remained steady: in fact, it has not varied more than three piastres* to the dollar.

The years 1956 and 1957 would have been among the most favourable for Syria if international events had not marred them; the consequences have been felt in both the economic and financial sectors.

Economy Depends on Agriculture

The Syrian economy is based mainly on agriculture and good crops, such as those of 1956 and 1957, following an almost complete failure of the barley crop and a poor wheat crop in 1955, meant good times. Good weather in 1956 and 1957 brought back wheat production, which had slumped to 438 thousand tons in 1955, to 1.1 million tons in 1956 and an estimated 1.3 million in 1957. Compared with a 1955 barley crop of 137 thousand tons, the 1956 harvest produced 460 thousand tons and the 1957 one an estimated 520 thousand. The cotton crop, which did not suffer too much in 1955, has increased from 235 thousand tons in that year to 250 thousand in 1956 and 290 thousand in 1957. Besides cereals, Syria harvests large crops of chickpeas, beans and other legumes, sorghum and corn. The production of these has gone up and during the past three years crops have been increasing considerably—from 166 thousand tons in 1955 to 316 thousand in 1957. Sugar beet production has also increased from 35,000 tons in 1955 to 450 thousand tons in 1956; the size of the 1957 crop is not yet known but it is estimated

*100 piastras=S£1.00
U.S.$1=S£3.55 (free market rate Dec. 6, 1957)
Can.$1=S£3.62 (rate for Customs purposes July-Dec. 1957)

A typical town on the Syrian coast, where fishing continues to be the main occupation. Agriculture is the mainstay of the economy and cereals are the chief exports, but industry is encouraged and new plants are springing up year by year.

that it will exceed the previous year's. Expansion of sugar-beet cultivation has been carried out to meet the demand from a new sugar refinery and a second factory is planned.

Industry Is Growing

Manufacturing industries in Syria, although they are relatively new, are growing in importance. Textiles are in the lead with 93,000 spindles and 7,000 looms, though the industry has suffered from lack of markets and from strikes and 50 per cent of the mills closed last September. The owners have asked the Government to prohibit imports of foreign textiles and of additional looms, but there has been no report so far of any official action. They also asked for aid to the industry in its efforts to find new markets; Jordan and Saudi Arabia do not permit imports of Syrian textiles—a ban that was still in effect at the end of the year but was showing signs of easing. The vegetable oil and soap industries had a fairly good year, with profit margins sufficient to offset some of the previous setbacks.

The sugar industry is stepping up its production steadily to meet ever-growing demands. The canning and construction materials industries have also enjoyed reasonable returns. During the past three years electrical generating capacity has jumped from 84 million kwh. to 164.4 million and even greater expansion is expected, thanks to technical and financial aid under the Soviet-Syrian agreement.

Syria is not yet an oil-producing country but is receiving royalties on the right-of-way of four oil pipelines which cross the country. Three of these are owned by the Iraq Petroleum Company and revenues to Syria amount to approximately £6.5 million a year. A fourth pipeline owned by an oil consortium (TAPLINE) adds a further $4 million to the budget. Syria is now negotiating new rental agreements for the right-of-way of these pipelines on terms that will increase her revenues. In 1956 the pipelines of the I.P.C. were blown up and were idle for a good part of 1957, which meant a loss of badly needed income.

An American and a German oil company have received drilling concessions; they are carrying on their activities in the northeast corner of the country. The companies involved have not yet reported any finds but they seem optimistic. At present, Syria imports all refined petroleum products but it will soon have a refinery at Homs. A Czechoslovakian company received the contract to build the refinery and has started work on it.

Pattern of Trade

Traditionally, Syria has a favourable trade balance, mainly because of large cereal exports and strict control of imports. Exports and imports for 1955 and 1956 and for the first six months of 1957 were:

	Exports	*Imports*
1955	S£473.5 million	S£430.5 million
1956	S£516 "	S£449.3 "
1957 (first six months)	S£351 "	S£281 "

Barley, wheat and cotton account for 52.5 per cent of Syria's exports, followed by sheep (7 per cent) and olive oil (3 per cent).

During the past three years, the supply pattern has changed to some degree, with the Eastern European countries increasing their share of the market. However, the United States, West Germany and the United Kingdom, in that order, continue to be the main sources of Syria's imports. The table below illustrates the changes:

IMPORTS INTO SYRIA

(in S£ '000)

From	*1957 (6 months)*	*1956*	*1955*
United States	37,887	47,697	47,288
Western Europe including U.K.	98,109	170,719	175,900
Eastern Europe	21,112	19,514	15,187
Arab States	37,280	90,858	66,760

Syria bought about S£22 million worth of goods from Britain in the first half of 1957, S£38 million from the United States, and S£30 million from West Germany. Czechoslovakia, selling goods worth £5.5 million, was the leader in the Eastern European group.

Chief Markets

Traditionally, the two chief markets for Syrian products have been the Lebanon and France; Italy, West Germany, Belgium, the United Kingdom and the neighbouring Arab states have also been important outlets. In the past, France was the most important buyer of Syrian cereals but in 1956 the Syrian Government imposed an embargo on shipments to France because of the situation in North Africa and later the Suez crisis. It lifted the embargo temporarily and some wheat was shipped to France in 1956. But the embargo was reimposed and the Government had to find new markets to take the quantities of grain formerly sent to France. Eastern European countries and Mainland China offered outlets and Syria signed several trade agreements that resulted in large wheat exports to these countries. Negotiations are now in progress with Russia on its offer to buy all the Syrian cereal surplus. The 1958 statistics should be revealing on this point.

In 1956, Syria's exports to Lebanon and other Arab countries totalled S£199 million and to Western

Europe S£177 million. Eastern European countries took S£42.6 million worth in that year—up from S£7.4 million in 1955. In the first nine months of 1957 the comparative figures were S£118 million to the Arab States, S£95 million to Western Europe and S£53 million to Eastern Europe (S£19.5 million worth to Czechoslovakia).

It is too soon to try to analyze the effect of the economic union now being negotiated between Syria and Egypt and of the trade agreement with the U.S.S.R. which involves a large loan and technical assistance; Russian experts have already arrived in Syria to survey the projects concerned. However, the figures for imports and exports for the past three years show that the Eastern European countries are making inroads into the Syrian market and are emerging as important customers for Syrian products. The newly signed trade agreements with these countries, and especially the one with the Soviet Union, are expected to accentuate the trend.

The enlargement and modernization of the port of Latakia which a Yugoslav contracting firm has carried out was expected to be finished at the end of 1957. The port is developing: in 1955 exports totalled 248 thousand tons and rose in 1956 to 556 thousand; imports for the same years totalled 283 thousand and 319 thousand tons respectively.

Tariff Policy Limits Trade

Syrian policy regards the tariff more as a means of protecting local industries than as a source of revenue. In the past, the official rate of exchange of £2.21 to the U.S. or Canadian dollar was used to calculate values for import duty. But in January 1957 a new rate was decreed, based on the free rate of exchange and adjusted semi-annually on January 1st and July 1st. As a result, the Canadian dollar rate was raised to S£3.65 last January and adjusted to S£3.62 in July. The effect was to increase the landed cost of imports by 65 per cent in cases where the duty rate was unchanged. Even when the duty rate was lowered, the new rate of exchange resulted in higher payments to customs. Syria requires import permits for all but a few items—the exceptions include gifts, passengers' baggage, newspapers and periodicals, petrol, firewood, secondhand furniture, gold, and medical and scientific equipment.

Canadian exports to Syria have never been large and they have slipped a bit in the last three years. In 1955, our exports totalled $1.04 million or about $100 thousand less than in 1954; in 1956 value of our shipments fell to $719 thousand. Figures for the first six months of 1957, at $416 thousand, indicate that the total for the year will be about the same as in 1956. We sell to Syria mainly agricultural machinery and parts, lumber, tires, synthetic fibres, pharmaceuticals, bolts and nuts, asbestos products and many other products in small amounts.

The Syrian market does offer good possibilities but even traditional Canadian suppliers of certain products may find it difficult to hold their share of imports in the future. The long freight haul and the high cost of the Canadian dollar handicaps them and in addition, the supply position in countries nearer to Syria is improving. •

Egypt

Slight increase in exports plus severe restrictions on imports converted trading deficit of first eight months of 1956 into small surplus for same period of 1957. Figures reveal also switch in trade from West Europe to Communist Bloc.

D. S. ARMSTRONG,
Commercial Secretary, Cairo.

AFTER the Suez campaign in October-November 1956, the Egyptian Government sequestrated all assets and property of "enemy" nationals—that is, British, French, Australians and Jews. Businesses such as banks and insurance companies which are considered vital to the country's financial well-being have since been "Egyptianized"; ownership has been purchased by Egyptian nationals and in some cases by quasi-government agencies. Others, mainly Jewish-owned, have been released again, and the remainder belonging to British, French and Australians are still sequestrated and are the subject of negotiation. In addition, all banks, insurance companies, commercial and shipping agencies controlled by foreigners who were not involved in the Suez incident (Americans, Swiss and Italians) have been given a maximum of five years in which to "Egyptianize".

Apparently the effect of these measures will be that by 1962 virtually every important business in Egypt will be owned and operated by Egyptian nationals. This will be almost a complete reversal of the situation less than two years ago.

Import and export statistics by areas for the periods January to August 1956 and 1957 show clearly the drastic change in the direction of trade—away from Western Europe and towards the Communist Bloc. The large drop in trade with Western Europe in 1957 stemmed from the temporary but complete cessation of trading with the United Kingdom and France, following the blocking of Egypt's bank balances held in those countries. The fall in imports from the United States was the result of financial difficulties attendant upon the blocking of Egypt's dollar balances and the suspension of American aid shipments. Imports from Canada fell by about 50 per cent but exports to Canada went up by 25 per cent. Relatively speaking, our trade with Egypt is very small; imports into Egypt from January to the end of August 1957 totalled only £E282,000 and exports to Canada £E60,000. The table below gives the trade picture by areas.

FOREIGN TRADE OF EGYPT

	Imports		*Exports*	
January-August	*1956*	*1957*	*1956*	*1957*
	(in millions of £E)			
Arab League	7.8	11.8	11.0	11.7
Communist Bloc	17.3	33.1	40.7	60.3
Western Europe	73.5	36.0	31.8	26.7
Asia, Africa and Australia	19.4	16.1	21.1	17.7
North and South America	22.9	12.0	2.9	4.0
	140.9	109.0	97.5	120.4

During the first eight months of 1956, Egypt had an unfavourable over-all balance of trade of £E43.4 million. This increased slightly month by month and by the end of the year it amounted to £E43.7 million. Another drastic change in Egypt's economy is evident in the transformation of this deficit into a favourable trade balance of £E11.4 million for the period January to August 1957. This was accomplished by a slight increase in export values and by a very severe curtailment of imports. All but five items—wheat, flour, caustic soda, fertilizers and timber—were no higher or even lower in value than in the previous year.

The Surplus in Foreign Trade

Traditionally Egypt's trade deficit is counterbalanced by invisible earnings, chiefly revenue from tourists and from the Suez Canal. Both of these sources of income almost disappeared during the first four months of this year.

One point of interest in the switch from a trading deficit to a surplus is that the surplus is almost entirely in trade with Communist countries. In the two comparable periods in 1956 and 1957, Egypt's favourable trade balance with these countries increased from £E23.4 million to £E27.2 million.

—Egyptian Information Service.

These young Egyptians are picking oranges in a grove at Inhas. In addition to oranges, Egyptian farmers raise dates, lemons and other citrus fruits, grapes, tangerines and bananas.

In the first eight months of 1956, because of various industrial projects, imports reached the unusually high level of £E140.9 million. This was largely accounted for by purchases of capital goods, especially for the iron and steel plant, the Alexandria petroleum refinery, the Suez-Cairo petroleum pipeline, the enlargement of the Tura cement works and erection of bridges, etc. In the same period during 1957, statistics registered a more normal level of imports valued at £E109.0 million. This amount is misleading, however; a fairly large part of it represents imports that were held up because of the closing of Egyptian ports from November 1, 1956, and eventually landed in the early months of 1957.

A second reason for lower import values in 1957 is the desperate shortage of foreign exchange, particularly Western currencies. The tightened restrictions have brought with them severe shortages and many brands of medicine, canned foods, spare parts, etc., have disappeared or are available only at high prices.

Relations with Trading Partners

Western Europe is normally Egypt's main customer for cotton and other exports and the chief source of supply for a wide range of consumer goods and capital equipment. Although trade with the United Kingdom and France during 1957 was negligible, other West European countries, particularly Germany, Italy and Benelux, maintained their positions. This was especially important to Egypt in the case of West Germany, since such a large portion of her industrial spare parts

and machinery and capital goods are German-made. At one point, gold to the value of $2 million was sold to provide Deutsche Marks to improve the trade balance with Germany.

The picture of Egypt's trade with the Communist countries is not too clear. Imports from these countries more than doubled between 1956 and 1957 but they were still well below the value of Egypt's exports, which also almost doubled. One reason for the increase in imports was the large quantities of wheat (400 thousand tons) and petroleum products supplied by Russia. Czechoslovakia has made strenuous efforts to supply Egypt's industrial requirements but so far there has been no marked change in import statistics. In 1956 Czechoslovakia quadrupled her cotton purchases but in 1957 they dropped by 40 per cent and Egyptian sales to Russia jumped to five times the 1956 value.

At the end of May 1957, agreement was reached with the United Kingdom to complete delivery and payment for goods ordered before the balances were blocked. Recently Egypt agreed with France to exchange goods (mainly cotton for flour and fertilizers) to the value of £E12 million on each side. In addition, economic and financial talks with France and the United Kingdom are continuing in an effort to re-establish normal commercial relations. There is evidence that Egypt does not want to be dependent on any one area—Communist Bloc, Western Europe or North America—in her foreign trade.

Prospects for Canadians

Prospects for Canadian sales to Egypt are anything but encouraging. Even for essentials urgently required and unobtainable from any other source, great difficulty is experienced in obtaining final approval to import. With the present trend in Egypt towards bilateral trade and payments agreements, the very limited earnings from exports to Canada, the unfavourable trade balance in dollars and the general reorientation of Egypt's foreign trade, there is little opportunity for Canadian exporters to do business. Barter deals, switch transactions and triangular financing arrangements have all been studied but so far they have failed to produce results. •

Aden

A two-year old oil refinery is port's most important industry; cotton production is increasing rapidly and entrepôt trade thrives.

D. S. ARMSTRONG,
Commercial Secretary, Cairo.

THE Port of Aden, at the southwestern tip of the Arabian Peninsula where the Red Sea and the Indian Ocean meet, is strategically located on the shipping routes between Europe, the Persian Gulf, the Far East, Australia and the eastern side of the African continent. It was originally established in 1802 by the East India Company as a coaling station and today, when the world's shipping runs on oil, its proximity to the oilfields of the Persian Gulf has increased its importance.

Bunkering is the mainstay of Aden's economy. During the Suez crisis when the Canal was blocked, Aden's prosperity was severely affected but within six months of the Canal's reopening there were more ships using the port than ever before. The number during November reached approximately 500 compared with a monthly average of 420 in 1955 and 450 in 1956. Sales of bunkering fuel in a normal year exceed three million tons with a value approaching £25 million.

This has given rise to Aden's most important industry, a refinery owned by British Petroleum Co. Ltd. which was opened in 1955. The only other industries of any size are the building of dhows, a type of native craft used mainly by Arabs, and cotton growing and ginning in Aden Protectorate. Cotton production is relatively new and within a few years exports—mainly to the United Kingdom and India—have topped ten million pounds with a value of £1.75 million in 1956.

Although Aden, with its small population, produces and consumes very little, it has a thriving entrepôt trade which in 1956 resulted in imports valued at £71,227,903 and exports at £64,455,923. Manufactured products are imported from the United Kingdom, Europe, India and Japan and resold to neighbouring territories. Similarly, raw materials are purchased from Yemen, Ethiopia and Somaliland and

exported to western countries. In some cases—for example, live animals and meat—the trade is conducted between neighbouring countries through Aden which, with its excellent port, communications and banking facilities, is a natural intermediary in the exchange of goods.

The market for Canadian exports is negligible—partly because they are not in demand and partly because, linked with the sterling area, Aden has severe import restrictions on dollar products. Canada does, however, buy from Aden a small amount of coffee which originates in Yemen and Ethiopia. •

Saudi Arabia

Canadian exports to this oil-rich country have more than doubled since 1950 despite shipping problems, and with seed wheat well in the lead.

D. S. ARMSTRONG,
Commercial Secretary, Cairo.

FOR centuries and, in fact, until ten years ago the vast desert of Arabia was a mysterious land to all but the Moslem world. It had no resources, almost no agriculture and no central government. Five million Bedouin nomads in tribes led by sheikhs lived in a continual state of near starvation and the country's only source of income was the annual pilgrimage to Mecca of 250 thousand Moslems from as far east as Indonesia and west to West Africa. Nowadays almost half a million come to Mecca and the other holy places of Islam. But the greatest changes are being wrought by oil production.

Oil Production Grows

In 1933 a group of American oil companies obtained a 60-year concession from Saudi Arabia's first national leader, King Ibn Saud (father of the present King Saud), and the Arabian American Oil Company (Aramco) was formed. Oil was discovered only after five years of exploration and then World War II hampered development. Production on a sizable and increasing scale began in 1944 and today, with an annual output of nearly 50 million tons, Saudi Arabia earns $350 million a year on a 50-50 split with the company. Saudi Arabia's petroleum products flow to foreign markets through three channels:

1. To Bahrain, a British island in the Persian Gulf near Dahran, which is Aramco's headquarters. Bahrain has a refinery.

2. By tankers which carry both refined and crude products.

3. To the Mediterranean via the famous Tapline through Saudi Arabia, Jordan, Syria and the Lebanon.

Eventually Saudi Arabia's oil, marketed by the four shareholding companies—California Standard, New Jersey Standard, Texaco and Socony Vacuum—reaches most of the world's markets. Canada, a small customer, imported 391,798 M. gallons valued at $24.7 million in 1956.

Two other companies have recently entered the oil picture in Saudi Arabia. Pacific Western Oil Co. has a concession in the neutral zone between Saudi Arabia and Kuwait and its production is divided between the two countries. In the last few months a Japanese company has been given a concession (Japan's first in the world) to explore offshore in the Persian Gulf bordering Aramco's concession.

Revenues Spent on Development

Oil has brought new riches and considerable development to the Kingdom of Saudi Arabia. The holy city of Mecca is being rebuilt; a complete new capital city at Riyadh with impressive government buildings is near completion; a 400-mile railway now connects Riyadh with Dammam on the Persian Gulf; a national airline has been organized; roads have been made and extended; water and power facilities have been improved, and several large royal palaces have been erected. The Palace in Riyadh has an air-conditioning plant of 9,000 h.p. (the new one in the Empire State Building is 5,250 h.p.).

Naturally, with this new-found wealth, foreign trade has increased enormously. No statistics are available but some idea can be gained from the estimate that the Haj, (i.e., the season of the pilgrimage), brings in about $50 million and added to this is at least $150 million in foreign exchange from oil which is made available to the import trade each year.

A typical Bedouin with his indispensable camel. Before the discovery of oil in vast quantities in Arabia in the thirties, the desert yielded little; the nomad tribes lived in semi-starvation.

Before the Suez crisis there were no foreign exchange or import controls; however, for various reasons this happy state of affairs came to an abrupt end. The stated reasons are first the fact that oil shipments were cut drastically with the blocking of the Suez Canal, the sabotaging of the pipeline in Syria, and an embargo on the flow to Bahrain. Second, Saudi Arabia gave sizable financial assistance to both Egypt and Jordan. Third, reserves which at one time amounted to 100 per cent currency backing fell to a dangerously low level.

No easy or effective solution has yet been found, although several measures have been taken or are under consideration. For example, the black market in exchange which developed after foreign currencies became scarce has been turned into a free market, with government sanction. This means that it is possible and quite legal to buy dollars or sterling at some 50 per cent over the official rate. Import licences are not being issued for luxury items such as air conditioners or cars, and official foreign exchange to buy foodstuffs has priority. Saudi Arabia has recently joined the World Bank and the International Monetary Fund and this is expected to bring about orthodox government fiscal policies and a more stable currency. However, the best assurance of the country's future well-being is the continuing oil revenue which, barring drastic changes in world demand for petroleum products, means a steady income for the next 200 years.

Canada's Sales Increasing

Canada's exports to Saudi Arabia increased from $875,133 in 1950 to $1,414,038 in 1951 and to $1,942,051 in 1956. The range of products is fairly wide and includes canned foods, automobiles and parts, wheat, wood products, gas engines and pressure lamps. The most important is wheat even though, it is interesting to note, there are no flour mills. The Saudis prefer a very high quality seed wheat and the Canadian product with the Department of Agriculture's blue tag or certificate is in demand. In 1956 exports of Canadian seed wheat totalled 664,350 bushels valued at $1,205,583 and from January to September 1957 exports reached 465,310 bushels with a value of $819,703. In contrast to wheat purchases, Saudi Arabia buys a very low grade of flour, mainly from the United States, at prices against which Canadian mills turning out a high-quality product cannot compete.

The most serious obstacle in Canada's competitive position is shipping. To reach Jeddah on the Red Sea or Dammam on the Persian Gulf, Canadian products have to be shipped from New York, whereas freight rates are cheaper from the Gulf ports and from European countries. A tip for prospective Canadian exporters is to quote C.I.F. prices; F.O.B. or F.A.S. prices are meaningless to Saudi importers and they have little information on freight rates.

It might be thought that Aramco with its extensive facilities and its personnel numbering 28,000 would be a potential buyer of Canadian products. But because most of the company's sales are made to soft currency countries, its policy is to buy as much as possible in these countries. For this purpose it has a subsidiary organization, Aramco Overseas Company, with offices in several countries and headquarters in The Hague. There are exceptions to this buying policy, the main one being "if we need it and you can offer better quality and/or price, we will buy regardless of currency".

To help foster local merchants and contractors, Aramco will place orders with local firms even at somewhat higher prices, provided service is offered and continuity of supply guaranteed. So far Saudis have not taken advantage of this business opportunity to any marked degree, perhaps because they have had only a few years' experience in foreign trade, or perhaps because the profit margin, with Aramco's threat of direct buying, is not great enough by Arabian standards. ●

Sudan

Cotton exports soared in 1956 and brought favourable trade balance, but lagging sales and fall in exchange reserves in '57 may force Government to introduce austerity measures.

D. S. ARMSTRONG,
Commercial Secretary, Cairo.

THE Sudan gained its independence on January 1, 1956, after fifty years as a condominium known as the Anglo-Egyptian Sudan and governed jointly by the United Kingdom and Egypt. Voting to stay in the Commonwealth, the Sudan has maintained close connections with the United Kingdom and, at the same time, has kept up friendly relations with neighbouring Egypt. These two countries are, in fact, its most important trading partners.

With a population estimated at nine million—African Moslems in the north and pagan tribes in the south—the Sudan is predominantly agricultural. Cotton is the chief crop and accounts for two-thirds of its exports and foreign exchange earnings. From this country comes three-quarters of the world's gum arabic, used in medicine, adhesives, inks and confectionery. Other important products include peanuts, oilseeds, sorghum, cattle, sheep, hides and skins.

Cotton Exports Fluctuate

The bulk of the Sudan's cotton is grown in the Gezira Scheme, an area of one million acres at the junction of the Blue and the White Nile Rivers near Khartoum. This cotton is of the long-staple, high-quality type; it is exported mainly to the United Kingdom and Europe and, to a lesser extent, to India and Japan. Both the value and quantity of cotton exports vary greatly from year to year; in 1952 they dropped as low as 61,000 tons and in 1956 reached 127 thousand tons.

It is said that only 3 per cent of the country's arable land is under cultivation. However, the Sudan has in various stages of planning and execution several schemes to use the waters of the White and Blue Nile Rivers by means of irrigation dams. The Gezira Scheme is being extended by an additional million acres. Discussions are going on about raising the necessary capital for the Roseires Scheme (the plans for which have been completed) on the Blue Nile near the boundary with Ethiopia. This is another two-million-acre development.

With the variation in cotton exports, there is a wide fluctuation in the trade balance. In 1954 the Sudan had a trade deficit of S£8 million but in 1955 and 1956 achieved favourable balances of S£1.7 million and S£21.7 million respectively. During the first ten months of 1957, the pendulum swung the other way—to an adverse balance of S£10 million, largely because cotton sales dropped well below normal. However, in November and December there was more activity in the cotton market and some improvement in trade figures is expected by the year's end.

The outlook for 1958 is not altogether bright. Cotton production is expected to fall as much as 40 per cent below the previous year because of poor rainfall and greater-than-usual infestation by thrips. The Government is considering austerity measures in the light of these crop forecasts and the drop in foreign exchange reserves from S£33 million to S£ 13 million in the last eleven months.

Canada's trade with the Sudan has never been large. Exports to the Sudan, chiefly agricultural implements and machinery, exceeded $200 thousand in 1957; unfortunately this appears to be a record which will not be repeated in 1958. The only Sudanese commodity imported into Canada is gum arabic, to a value in both 1955 and 1956 of $100 thousand.

Malaya Joins World Bank and Fund

The Malayan Government recently approved the terms of the resolutions of the International Bank for Reconstruction and Development (World Bank) and the International Monetary Fund, accepting Malayan membership in the two bodies. Malaya is to subscribe U.S.$25 million to the Fund—3.5 per cent in gold and the balance in Malayan currency. By joining the Fund, Malaya gains additional backing for her currency which has long been and continues to be directly tied to sterling. Early use of the Fund to correct any temporary setbacks which may arise in Malaya's balance of payments is not anticipated. The Malayan economy, however, depends heavily on exports of rubber and tin and prices of these commodities fluctuate according to world market conditions. Fund membership is regarded as a valuable long-term safeguard against the effect of price fluctuations.

Membership in the World Bank depends on Malaya first joining the Monetary Fund and then subscribing U.S.$25 million for 250 capital shares in the Bank. On joining, Malaya must pay 2 per cent of the subscription in gold and 18 per cent in Malayan currency.

Iran

Canadian sales to Iran have been expanding since 1955, with capital goods needed for the development program and demand for manufactured consumer goods growing.

H. R. HORNE,
Commercial Secretary, Karachi.

IRAN today is one of the most promising countries in the Middle East. Oil has become the major source of foreign exchange and is, after agriculture, the sole productive natural resource. It also furnishes most of the money to carry out the second Seven Year Development Plan which began in 1955 and will run to mid-1962.

During 1956, crude oil output in Iran recovered further to reach an estimated 26 million long tons. Last year monthly production averaged over 2.8 million tons, and the total for the year should reach 33-36 million tons. The immense Abadan refinery refines about 1.4 million tons of crude oil a month.

Despite the importance of oil, about three-quarters of the estimated 20 million people of Iran still depend on agriculture for their livelihood. In normal years the country is self-sufficient in foodstuffs, with the exception of tea and sugar, even though only a small percentage of the arable land is farmed. Wheat, rice and barley are the main cereal crops; cotton, tobacco, sugar beets and fruit are also raised and in most years provide a surplus for export. In 1957, crops generally were good.

Development Plan Is Ambitious

Under the current Seven Year Plan, Iran expects to have spent about $1,000 million by the middle of 1962. The Plan is financed outside the budget, largely from revenues under the oil agreement between Iran, the National Iranian Oil Company, and a consortium of foreign oil companies. The money is allocated roughly as follows: irrigation and multi-purpose projects, 13 per cent; agriculture, 12 per cent; improvement of transportation facilities, 37 per cent; industrial development, 14 per cent, and social development, the remaining 24 per cent. The Plan has already made some progress and bearing in mind the size of the spending and the scope of the projects, development should accelerate in the next few years. A law just passed provides attractive terms and adequate protection for foreign investors; this was done to attract more foreign capital to the country. Purchases under the Plan add to the interest of the Iranian market.

Oil Is Leading Export

Petroleum and petroleum products are Iran's leading exports and in 1957 brought in an estimated $150 million in foreign exchange; exports other than oil brought in about $100 million. Bulking large among the latter were raw cotton, carpets, dried fruits and nuts, raw wool and minerals. Iran's leading customers are Soviet Russia, the United Kingdom, India, West Germany, and the United States.

Normally Iran has to import practically all its manufactured goods because its own industry is very limited; in 1956 the value of imports reached an estimated $250 million. Leading imports included automotive equipment, machinery, iron and steel, textiles, manufactured goods, sugar and tea. The leading suppliers are West Germany, the United States, the United Kingdom, Soviet Russia, Japan and India. Iran has barter and payments agreements with West Germany, Japan, Hungary, Czechoslovakia, Poland and Russia, under which an estimated 25 per cent of the country's foreign trade is said to be conducted. An agreement with France which expired recently was not renewed.

Import Policy

Iran has a relatively liberal import policy. Early in 1957, import quotas for most individual items were abolished. Today import licences are issued automatically for most goods, with the exception of specified commodities. The prohibited goods include the following: bacon, fat, food products, sugar, salt, chemicals, skins, toys, silk and other textile products, metal manufactures, and specified arms. At the same time, however, a special "commercial profits tax" was placed on many of the items formerly prohibited but now allowed entry. This is in the nature of a luxury tax but it also used to protect the small but slowly growing domestic manufacturing industry. Excluding oil, imports into Iran are more than double exports and although there is no current foreign exchange problem, this imbalance could mean a reconsideration of the present liberal import regulations.

Trade with Canada

Canadian exports to Iran in 1956 totalled $790 thousand, compared with $644 thousand in 1955. Figuring largely in these sales were lamps, lanterns and stoves; passenger cars and parts; synthetic fibres, thread and manufactures; tires and tubes; steel plates, sheets, and strips; hardware; refrigerators, washing machines; antibiotics, and agricultural machinery. Sales in the first nine months of 1957 have reached $1.3 million. Our

One of the great dams recently built in southern Iran to irrigate more land for raising crops. About 13 per cent of funds under the Seven Year Plan is being spent on irrigation.

imports from Iran in 1956 totalled just over $1 million ($2 million in 1955) and consisted of crude petroleum ($463 thousand), dates ($387 thousand), carpets ($138 thousand) and walnuts ($65 thousand). For the first eight months of 1957, our purchases from Iran reached a value of $380,211.

Terms Are Important

Because Iran is a relatively unrestricted market with a good supply of foreign exchange, it is also a competitive one, with many countries making special efforts to increase their share of the trade. Speaking generally, the exporter to this area usually has to grant terms, but a system of deposit guarantees coupled with C.A.D. terms is widely used to reduce the risk of non-acceptance. Terms for straight commercial transactions vary with the product, the standing of the customer, and the competitive position. Local interest rates are high and this makes buyers reluctant to open letters of credit. All goods bought on letters of credit must be insured by Iranian insurance companies. Long-term credit arrangements have been negotiated for certain capital goods, as well as for heavy machinery and farm equipment.

Iran should continue to be a good market for the capital goods it needs in its development program and for manufactured consumer products. Canadian suppliers who can offer goods competitively priced and who are prepared to push sales aggressively should find a market there immediately and continue to hold it in the years to come. •

Cyprus Trade in '56

CYPRUS has a population of roughly half a million, most of whom are engaged in agriculture. The main crops produced, mostly for export, are wheat, barley, feed crops, potatoes, carobs, fruit, olives, coffee, Turkish-type tobacco, and vegetables. Wheat suitable for macaroni is exported and small quantities of Canadian wheat are purchased regularly for blending with local, Australian and Italian varieties to make a reasonable quality baking flour. Dollar import restrictions, however, impede expansion of Canadian sales.

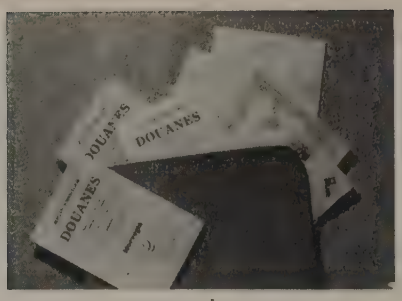
Mineral products such as asbestos, copper concentrates, iron and cupreous pyrites lead exports; last year these mineral exports were valued at over £13.5 million and the half-year figure in 1957 stood at £6 million. Two companies are engaged in mining pyrites; the larger one is American and the smaller one is locally owned. West Germany is the most important customer for Cyprus minerals, followed by the United States, the United Kingdom, and other European countries.

Light industry based on local products is well developed. Food, beverage and tobacco processing head the list, followed by textiles, leather products, soap and furniture. Cyprus wines and brandy have gained an international reputation and exports are worth £500 thousand to £600 thousand a year.

The United Kingdom is both the chief supplier and the main customer by a sizable margin over Germany and Italy, which rank next in importance. Imports from the United Kingdom rose from £15.2 million in 1955 to £17 million in 1956 and may reach £20 million in 1957; exports to the United Kingdom are valued at approximately £5 million per year. It is interesting to note that the value of exports from Cyprus to Greece in the last three years averaged £100 thousand; imports averaged £560 thousand. The comparable figures for trade with Turkey were exports from Cyprus £1,250 and imports into Cyprus £90,000.

In the last two years, the total export trade of the island has earned only half the amount paid for imports and this year the trade deficit may be even larger. International payments are balanced by large military expenditures both on internal security and on Britain's Middle East defence bases.

—D. S. ARMSTRONG,
Commercial Secretary, Cairo.



Trade and Tariff Regulations

Australia

DUTY ON IMPORTED CATHODE-RAY TUBES—The Australian Government has introduced a bill to protect local makers of television cathode-ray tubes. The bill increases the duty on imported tubes, and reduces the excise duty on Australian-made tubes.

The rate of duty under the British Preferential Tariff (applicable to Canada when complying with content for preference conditions: 75 per cent) has been increased on imported television cathode-ray tubes from £7 each to £11 each. The rate applicable to most-favoured-nation countries has been increased on these tubes from £7 each plus an ad valorem duty of 12½ per cent to £11 each plus an ad valorem duty of 10 per cent. Concurrently, the excise duty on Australian-made tubes has been reduced from £7 to £6 each.

Ethiopia

CUSTOMS IMPORT TARIFF AMENDED—In a proclamation dated at Addis Ababa, October 1, 1957, the Ethiopian Minister of Finance announced amendments to the Customs import tariff. Items affected by this proclamation which are of interest to Canada are as follows (previous rates in brackets):

Alcohol, $10.00 per litre ($6.00); brandy, whisky, rum, gin, liqueurs, cordials and mixed potable spirits, $7.00 per litre if not exceeding 50 per cent by volume of alcoholic strength, and $14.00 per litre if exceeding 50 per cent by volume of alcoholic strength; manufactured tobacco, including cigars and cigarettes, $10.00 per kilogram ($5.00 to $8.00), and raw tobacco, $5.00 ($2.50); piecegoods other than silk, 65 per cent ad valorem (60 per cent); arms and ammunition for personal use, 50 per cent ad valorem (30 per cent); boots and shoes, 50 per cent (35 per cent); playing cards $2.00 per pack ($1.00).

Federation of Malaya

IMPORT TARIFF SCHEDULE AMENDED—With the introduction of a new budget as a result of the independence of the Federation of Malaya, some amendments were made in the import customs tariff schedule. These amendments were brought into force on December 4, 1957, by means of an Order published in the *Federation of Malaya Government Gazette*.

The items affected by the new budget are as follows. Edible fungi are classified as dutiable goods at the rate of 10 per cent ad valorem preferential duty, and 25 per cent ad valorem general duty. Cycle parts are dutiable at the following specific rates: frames, $6.00 preferential and $8.00 general; saddles, handlebars, rims, chains, 60 cents preferential and 80 cents general, and cycle pumps 50 cents and 80 cents. Pumpkin seeds and carbon black are subject to an import duty of 20 per cent ad valorem. All types of cigarette lighters are subject to a minimum duty of $1.00 each. All goods made of textiles or textile substitutes are dutiable at the rate of 15 per cent ad valorem preferential and 25 per cent ad valorem general. Asbestos sheets and sheeting are liable to a 10 per cent ad valorem import duty. Expansion of the item covering plastic sheets, extends the 25 per cent ad valorem import duty to all plastic materials and products, including synthetic rubber. The texts of a few import items have been reworded and the items for sandalwood and piecegoods have been deleted. A few export duties on forest products—such as gambier, gutta percha, camphor and bark—have been removed, as well as the export duty on elephants.

Finland

VARIOUS DOLLAR IMPORTS LIBERALIZED—Effective December 18, 1957, the Finnish Government established a list of products for which import licences will be issued automatically when the country of origin and the country in which the goods were purchased both belong to the dollar area, including Canada. Finnish importers must make full payment for such liberalized goods within one month of the issuance of an import licence even if the goods concerned do not reach Finland by that time.

The system of liberalized imports replaced a global quota system that had been in force since April 1, 1957. Prior to that time a system similar to the new one was in effect. The new list for the first time provides for liberalization of various dollar imports including whisky, clover seed, asbestos, synthetic rubber, and certain machinery for the wood and paper industries. On the other hand, primary non-ferrous metals, which were previously under

automatic licensing, are now among the goods subject to control. Other important Canadian export products which have not been liberalized and remain under control include wheat, flour, outboard motors, office machines, etc.

Among the products which are now liberalized, the following appear to be of interest to Canadian exporters:

Red clover seed
Crude asbestos
Magnesite brick
Sparkplugs
Synthetic rubber
Phenolic acid and cresol
Mineral lubricating oils
Paraffine
Mineral wax and lignite wax
Magnesium, barium, aluminum and manganese oxides and hydroxides
Arsenic
Phosphorus hydride, pentoxide, and sesquisulphide
Phthalic anhydride
Cobalt oxide
Selenium
Various ammonium, calcium, chromium, sodium and nickel compounds
Sera, vaccines and bacterial preparations
Certain chemical preparations and medicaments
Organic artificial colours, lamp black
Certain lubricants
Artificial textile fibres
Power saws
Paper and pulp machinery
Sewing machines
Metalworking machines
Ball and roller bearings
Carbon and graphite articles for electrical use
Industrial trucks
Automobile chassis with motors
Non-hardenable synthetic resins

Information on the status of particular products relative to the Finnish restrictive system is available upon request from the International Trade Relations Branch of the Department.

Ireland

IMPORT CONTROLS—By eight Orders of the Government of the Republic of Ireland, issued under the Control of Imports Acts, 1934 and 1937, further quotas have been announced as follows for the year 1958:

Rubberproofed clothing: 1,000 articles.

Any completely or substantially assembled motor vehicle chassis without a body or body shell attached: 50 articles.

Certain completely or substantially assembled road vehicle bodies or road vehicle body shells, imported otherwise than attached to chassis: 50 articles.

Certain motor car body parts: 10 articles

Certain hats, caps, hoods and shapes (costing less than 21/- each): 30,000 articles.

Certain completely or substantially assembled mechanically propelled vehicles: 26 articles.

In every case the quota is unchanged from the previous twelve months' period.

Certain boots and shoes (other than rubber): 100,000 pairs as against 80,000 pairs for previous twelve months' period.

Certain completely or substantially assembled motor car chassis with bodies or body shells attached: 20 articles as against 54 articles for previous twelve months' period —Dublin, Dec. 4.

Jamaica

DRUGS—The Jamaican Trade Board has announced its readiness to consider granting licences for the import from all sources of ethical preparations (including antibiotics, hormones, vitamins, etc.) and crude drugs, including galenicals—Kingston, Dec. 11.

New Zealand

NEW IMPORT CONTROL POLICY—According to cabled information received from New Zealand, imports into that country from all sources have been placed under import licence as from January 1, 1958. Quantitative controls for 1958 have been established for certain goods. Those of greatest importance to Canada include the following:

Commodity	*Quota*
Whisky	40 per cent of 1957 imports
Canned fish Buttons Linoleum Towels Tires Wallpaper Cellophane Artificers' tools Iron pipe Assembled automobiles	50 per cent of 1957 imports
Piecegoods Abrasive papers Typewriters Electric motors Unassembled automobiles	75 per cent of 1957 imports
Agricultural machinery	90 per cent of 1957 imports

In view of this change in New Zealand's import control policy, goods coming from the dollar area which were previously exempt from import licensing requirements will now be subject to import licences, with certain goods under specific quotas.

Further information will be published when it becomes available.

Pakistan

IMPORT LICENSING POLICY—The import trade control policy of Pakistan for the shipping period January-June 1958, was announced on December 23,

1957, by the Chief Controller of Imports and Exports and published in the *Gazette* of Pakistan of that date. No significant changes are noted in the new import policy. As usual, the raw material and replacement requirements of existing industry receive priority and certain items are licensable only for East Pakistan. There has been no attempt to liberalize imports of consumer goods.

Among the items licensable for July-December 1957 but now withdrawn are: firearms; unani and ayurvedic drugs and medicines; air conditioners and parts; marine engines; paper cartons and packets; potato seeds; marine vessels, equipment and spares; wooden shooks; tricycles for children. Paper cartons and tricycles are now produced in Pakistan and potato seeds are needed only seasonally. Firearms are allowed only in alternate licensing periods.

Added to the list of licensable goods for the current licensing period are manufactured tobacco and tea chests.

Complete details of the import trade control policy of Pakistan for January-June 1958 may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rhodesia and Nyasaland

IMPORT POLICY FIRST HALF 1958—According to cabled advice received from the Federation, the Federal Government announced recently that the dollar import regulations for the first half of 1958, with certain minor exceptions, will be unchanged from those in force for the last half of 1957.

See *Foreign Trade* of August 3, 1957, page 27 for import regulations in force for the last half of 1957.

South Africa

REPRESENTATIONS RESPECTING THE TARIFF—It was announced recently that the South African Board of Trade and Industries had received the following representations respecting the tariff:

Increase of duty on:

1. Athletic supports, anklets, knee caps and wristlet elastic, from various rates of duty to 40 per cent ad valorem.

2. All types of uncut moquette (excluding cotton) from various rates of duty to 20 per cent ad valorem.

3. Curtaining material, i.e., fancy woven materials (not printed) in cotton or man-made fibres or mixtures of these fibres, weighing between 6 and 16 ounces per square yard, from various rates of duty to 25 per cent ad valorem or 3d. per yard, whichever is the greater.

4. Woven rayon piecegoods of an F.O.B. price not exceeding 6s. 6d. per lb. by weight of material, from 5 per cent ad valorem (minimum rate—applicable to United Kingdom), 5 per cent ad valorem or 3d. per yard less 5 per cent ad valorem (intermediate rate—applicable to most-favoured-nation countries including Canada) and 10 per cent ad valorem or 4d. per yard less 5 per cent ad valorem (maximum rate—applicable to Japan) to respectively, 40 per cent, 40 per cent and 50 per cent ad valorem.

5. Printed (excluding indigo blue discharge prints) woven fabric in the piece not being blanketing, or canvas provided for under item 75 (1), containing 50 per cent or more by weight of cotton, the F.O.B. price of which does not exceed 11s. per lb. by weight, the yarns of which have been spun and the material of which has been woven in a country other than that in which the printing and finishing processes have been done—from various rates of duty to 15 per cent ad valorem or 3d. per yard plus 15 per cent ad valorem, whichever is the greater.

Interested Canadian firms may wish to have their views on these tariff inquiries placed before the Board of Trade and Industries. The most effective method of making representations is for such firms to request their representatives in South Africa to act on their behalf before the Board. Since these matters are normally reviewed soon after the announcements are made, it is advisable to take action as soon as possible.

IMPORT CONTROL POLICY, 1958—The South African Government announced on December 6, 1957, a simplified import control system for the coming year. Under the new procedure, the various concessions which have been granted for the import of goods have been consolidated into three categories as follows: (1) those goods which may be imported into the Union without an import permit; (2) those goods which may be imported on a sales replacement basis, and (3) those goods which may be imported on a quota basis determined from time to time.

Details of the various goods coming under the different categories may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

United States

NO ANTI-DUMPING DUTIES ON HARDBOARD—The United States Treasury Department has announced that it instructed its customs officers on December 27, 1957, to process entries of hardboard from Canada and from the Union of South Africa, without regard to any question of dumping. These instructions were issued eight days after notification by the U.S. Tariff Commission that the U.S. hardboard industry is not being, and is not likely to be, injured by imports of hardboard from the two countries.

Transportation Notes

Port of Piraeus Improved

MORE THAN 75 PER CENT of all goods imported into Greece pass through the port of Piraeus, strategically located adjacent to Athens. It also handles much of the cargo which moves in the domestic trade and nearly two million domestic and foreign passengers. A recently announced modernization scheme for the port—planned to take five years—calls for construction of new quays and warehouses, the purchase of machinery and equipment, and the building of offices and of stations to handle ship passengers. The Piraeus Port Authority has already added some 2,600 metres of quays, four piers, and storage space for domestic goods, timber, and other bulk cargoes. Improved facilities for handling domestic passenger traffic, which totals about 1.1 million people a year, is the first stage of the modernization program and will be completed this year. Later Mediterranean and transatlantic shipping lines will enjoy the facilities of two larger and more luxurious stations serving overseas passengers.

The port's mercantile traffic in 1956 exceeded all previous records; imports and exports totalled 4.73 million metric tons, an increase of 6 per cent (or 295 thousand tons) over 1955. The table on the left indicates the make-up of last year's traffic.

PORT OF PIRAEUS MERCANTILE TRAFFIC 1956

	Quantities (metric tons)	*Per cent of total traffic*
IMPORTS		
from abroad	2,767,346	
for transhipment (from abroad)	57,699	
from home ports	587,305	
for transhipment (from home)	22,902	
Total	3,435,252	72.5
EXPORTS		
shipments abroad	163,505	
for transhipment abroad	32,300	
to home ports	813,950	
from transhipments (to home ports)	48,301	
supplies for foreign ships	105,180	
supplies for Greek ships	137,882	
Total	1,301,118	27.5

Petroleum products represented 43 per cent of all commodities imported and 25 per cent of total mercantile traffic.

Food Imports Increase

Wheat imports last year rose 48.4 per cent over 1955, the result of increased shipments under United States aid programs. But there were significant increases also in the arrivals of other grains, sugar, oils and fats, and foodstuffs in general. Coal traffic was down by 38.4 per cent and cement by 34 per cent; there were decreases also for iron, phosphates, and chemical products. Exports of ore residues, cotton, and chemical fertilizers rose slightly.

Canadian goods shipped through Piraeus during 1956 represented 0.3 per cent of the total tonnage. One shipping line offering direct service from Montreal to Piraeus played a significant role in this trade, accounting for most of the Conference cargo. This line had 12 ships docking at Piraeus in 1956, and expected the same number again in 1957. Canadian goods reaching Greece (in order of importance) include mainly aluminum in primary forms, newsprint, furskins, truck and tractor tires, wood pulp, flaxseed, certified seed potatoes, and agricultural machinery.

The total number of ship arrivals and departures at Piraeus declined slightly in 1956 (1.2 per cent) compared with 1955, although 153 more cargo ships arrived from abroad. Daily arrivals and departures averaged over 85 ships during 1956; more than 3,000 large cargo and passenger ships visited Piraeus from 35 countries. Of these, about 33 per cent were Greek, followed by Italian, American, German, and British ships. The figure for Greek ships does not include the number of Greek ships sailing under foreign flags. Total Greek-owned tonnage now exceeds 16 million tons and ranks second

only to that of the United Kingdom. Greek ships discharged the largest tonnage, followed by American, British, Norwegian and Italian vessels.

Port Facilities Are Good

Present facilities at the central Port of Piraeus are good and include modern warehouses covering about 560 thousand square feet, with a capacity of over 9,890 thousand cubic feet and capable of storing about 160 thousand tons of general cargo. Also available is 1.4 million square feet of open storage space for coal, iron and timber. Mechanical equipment includes 29 electric cranes of 2-15 tons capacity with adjustable booms of 16-25 metres; seven revolving floating cranes of 15-30 tons capacity; 26 automotive cranes of 2-9 tons capacity, and smaller equipment including fork-lift trucks, electric lifts, tractors and trailers. The bridge crane for discharging coal has a capacity of 120-180 tons an hour. Facilities also include the largest grain elevator in the eastern Mediterranean, which has a suction capacity of 320 tons an hour and space for 20,000 tons.

To Expand Free Zone

The Port Authority has plans to improve the handling of goods within the free zone area. Last year about 765 thousand tons (more than 54 per cent) of the total import tonnage discharged in the port went through its free zone. Shipping firms may place goods in transit or in bond in the zone and obtain negotiable storage certificates in its warehouses.

Figures for the 1956 trade and traffic through Piraeus and estimates for 1957 activity indicate that an era of great progress and expansion for the port lies ahead. In fact, it should become even more important as a Mediterranean trade center.

—LORNE D. R. DYKE,
Assistant Commercial Secretary, Athens.

Brazil

JETS FOR VARIG—Varig Airlines has ordered three long-range Boeing commercial jets at a cost of $20 million for use on the Rio-New York run beginning in 1960. According to the airline president, they will make the direct flight in 9½ hours, cutting present flight schedules in half. This is the first purchase of long-range, four-engined jet aircraft by a South American airline—São Paulo, Dec. 16.

Netherlands

EURO GATE HARBOUR PLANNED—The Burgomaster of Rotterdam has announced a plan for the construction of a large new system of seaports on the tip of the island of Rozenburg on the south of the estuary of the New Waterway (the connection between Rotterdam and the sea) opposite the Hook of Holland. The projected new seaport has been given the name of Euro Gate, as it is assumed that it will play an important part in the future European Economic Community. The port may be regarded as an extension of the Rotterdam port area and, notably, as an addition to the three petroleum harbours on the south bank of the New Waterway which are now Rotterdam's nearest ports to the sea. The site covers an area of 3,875 acres; the seaport projected here will be 2.5 miles long, 44 feet deep and accessible to vessels of 65,000 d.w. tons and over. The plan also comprises ports and entrances for river vessels and a separate connection for inland navigation parallel to the New Waterway. A 2,325-acre area is allocated for the construction of factory sites—The Hague, Dec. 27.

Singapore

TELEVISION FOR HARBOUR—The first television to be introduced into Singapore is being used strictly for industrial purposes by the Singapore Harbour Board. The Board is installing a closed-circuit television system to control shipping and Singapore is believed to be the first port in the world to adopt this system of control. The television equipment is being supplied from the United Kingdom and consists of a camera (as used in T.V. studios), a 17-inch standard receiver, and a monitor. The camera weighs only 5½ pounds and complete control is maintained by four adjustments. The television picture can be transmitted up to five miles by cable or over a wider distance by radio link—Singapore, Dec. 16.

South Africa

NEW WEST COAST SERVICE—A refrigerated vessel under the Belgian flag is offering a scheduled service between Cape Town and Matadi, Belgian Congo. This new link, which offers a seven-day schedule from Cape Town to Matadi, provides for a round trip every 17 days, beginning January 1, 1958. Shipping services between South and West Africa have increased to eight, six of which began operations within the past twelve months—Johannesburg, Dec. 16.

Sweden

TV LOOKOUT—A new tanker of 20,500 tons d.w., recently launched by the Gota Shipbuilding Company of Sweden for a Norwegian shipping concern, will be fitted with television which will be used in

place of the lookout. The TV camera will be placed n the foremast of the tanker; on the television screen, which will be mounted on the bridge about 100 metres further aft, the officer of the watch will be able to view a picture showing the sector usually covered by the lookout—Stockholm, Dec. 18.

United States

NEW ORLEANS—Foreign trade through the port of New Orleans in 1957 was running at a rate of more than $2 billion a year, compared with $1.67 billion for 1956 and $1.45 billion in 1955. Although figures are available only for the first four months, they show that export and import cargoes handled had a combined value of $682 million against $482 million for the same period last year. Unlike other Gulf ports, New Orleans as a general cargo port avoids sudden booms and recessions. But much higher movements of bulk commodities such as fuels and ores through New York, Philadelphia, Houston, and Baltimore resulted in New Orleans dropping to fifth place among U.S. ports in tonnage handled from third place in 1955. However the port maintained its position second to New York in the value of its foreign trade—New Orleans, Dec. 27.

Tours of Territory

A. B. BRODIE, Commercial Secretary in Athens, Greece, will visit Israel during the last two weeks of January.

F. F. HARRIS, Trade Commissioner in Bombay, India, will visit Jamshedpur from January 29-30, Calcutta, January 31-February 6, and Mangalore, Cochin and Trivandrum from February 23-March 3.

J. MacNAUGHT, Assistant Commercial Secretary in Wellington, New Zealand, will visit Auckland from February 10-14.

C. O. R. ROUSSEAU, Commercial Secretary in Beirut, Lebanon, will visit Baghdad early in the new year.

R. K. THOMSON, Commercial Secretary in Vienna, Austria, will visit Prague, Czechoslovakia, during the week of February 10.

C. F. WILSON, Commercial Counsellor in Copenhagen, Denmark, will visit Warsaw, January 28-February 1.

Businessmen who would like these officers to undertake assignments for them should get in touch with them at their posts as soon as possible. Mr. Brodie can be reached at his office in Athens, Mr. Harris at Bombay, Mr. MacNaught at Wellington, Mr. Rousseau at Beirut, Mr. Thomson at Vienna, and Mr. Wilson at Copenhagen.

Coming to Canada on Business

THE INFORMATION about foreign business visitors given here is, to the best of our knowledge, accurate at the time of going to press. We cannot, however, accept responsibility for any changes in itineraries nor for cancellation of plans. This information is published as a service and in no way represents sponsorship or selection by the Department of Trade and Commerce. We cannot undertake to enter into correspondence about these visitors.

▶ from Argentina

MICHAEL ILLSEN, managing partner, Crinia, S.R.L., Buenos Aires, was expected to arrive in Montreal about January 8 in order to interest Canadian shipyards in tendering bids to build six freighters of about 10,000 tons d.w. for two Argentine Government shipping companies. Anyone wishing to contact Mr. Illsen may do so through Cellulose Assets Corporation, Drummond Building, St. Catherine St., Montreal.

▶ from Switzerland

J. SAMANN of Zug, Switzerland, partner in Dominion Essential Oils, Bancroft, Ontario, is expected to arrive in Canada during January to meet manufacturers wishing to export to Switzerland and Western Europe. He is particularly interested in chemicals. Businessmen may make contact with him through the General Post Office, Gananoque, Ontario.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalent and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from exporters. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1.01.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent January 6	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Official	.05500	18.18	(1)
		Free	.02648	37.76	
Austria	Schilling		.03808	26.26	
Australia	Pound		2.2275	.4489	
Belgium, Belgian Empire and Luxembourg	Franc		.01979	50.53	
Bolivia	Boliviano	Free	.0001144	8741.2	
British West Indies	Dollar		.5801	1.72	(2)
	Pound		2.784375	.3591	(3)
British Honduras	Dollar		.6961	1.44	
Brazil	Cruzeiro	General Category*	.01198	83.45	*Dec. 11 (4)
		Special Category	.003955	252.85	
		Official buying	.05391	18.55	
Burma	Kyat		.2079	4.81	
Ceylon	Rupee		.2088	4.79	
Chile	Peso	Free	.001460	684.93	(5)
Colombia	Peso	Certificate	.1808	5.53	
Costa Rica	Colon	Official	.1763	5.67	
		Controlled free	.1490	6.71	
Cuba	Peso		.9900	1.01	tax 2%
Czechoslovakia	Koruna		.1375	7.27	
Denmark	Krone		.1433	6.99	
Dominican Republic	Peso		.9900	1.01	
Ecuador	Sucre	Official	.06600	15.15	
		Free	.05907	16.93	
Egypt	Pound	Official	2.8428	.3518	(6)
El Salvador	Colon		.3960	2.53	
Fiji	Pound		2.5084	.3986	
Finland	Markka		.003094	323.21	
France, Monaco and North Africa	Franc		.002357	424.27	(7)
French colonies in Africa	Franc		.004714	212.13	(8)
French Pacific	Franc		.01296	77.16	(9)
Germany	D Mark		.2356	4.24	
Ghana	Pound		2.7843	.3591	
Greece	Drachma		.03300	30.30	
Guatemala	Quetzal		.9900	1.01	
Haiti	Gourde		.1980	5.05	
Honduras	Lempira		.4950	2.02	
Hong Kong	Dollar	Free*	.1740	5.93	*Dec. 27
		Official			
Iceland	Krona	Official	.06079	16.45	(6)
India	Rupee		.2088	4.79	
Indonesia	Rupiah	Effective buying	.04342	23.03	
		Effective selling	.03473	28.79	*Dec. 27 (6)
Iran	Rial	Certificate	.01306	76.52	
Iraq	Dinar		2.7720	.3608	
Ireland	Pound		2.7844	.3591	
Israel	Pound		.5500	1.82	

*Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent January 6	Units per Canadian dollar	Notes (See below)
Italy	Lira		.001589	629.33	
Japan	Yen		.002750	363.63	
Lebanon	Pound	Free	.3129	3.20	
Mexico	Peso		.07920	12.63	
Netherlands	Florin		.2612	3.83	
Netherlands Antilles	Florin		.5263	1.90	
New Zealand	Pound		2.7844	.3591	
Nicaragua	Cordoba	Effective buying	.1500	6.67	
		Official selling	.1404	7.12	
Norway	Krone		.1386	7.22	
Pakistan	Rupee		.2088	4.79	
Panama	Balboa		.9900	1.01	
Paraguay	Guarani	Free	.009066	110.30	
Peru	Sol	Certificate	.05211	19.19	
Philippines	Peso		.4950	2.02	
Portugal & Colonies	Escudo		.03455	28.94	(10)
Singapore and Malaya	Straits dollar		.3249	3.08	
Spain and Dependencies	Peseta	Controlled free	.02357	42.43	(6)
Sweden	Krona		.1914	5.22	
Switzerland	Franc		.2310	4.33	
Syria	Pound	Free	.2764	3.62	
Thailand	Baht	Free	.04780	20.92	(6)
Turkey	Lira		.3536	2.83	
Union of South Africa	Pound		2.7844	.3591	
United Kingdom	Pound		2.784375	.359147	
United States	Dollar		.9900	1.01	
Uruguay	Peso	Free	.2081	4.81	
		Basic buying	.6535	1.53	
		Principal selling	.4717	2.12	(6) (11)
Venezuela	Bolivar		.2955	3.38	
Yugoslavia	Dinar		.003300	303.03	(6)

*Latest available quotation date.

notes

1. Argentina: additional rates result from exchange retentions on export proceeds and surcharges on imports.
2. Barbados, Trinidad, Tobago, Leeward and Windward Islands, British Guiana.
3. Bahamas, Bermuda, Jamaica.
4. Brazil: Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 48.64 cruzeiros per U.S. dollar, depending on product.
5. Chile: free rate applies to exports and to imports, except prohibited imports. Chilean importers must deposit local currency in amounts ranging from 5 to 200 per cent, depending on product, prior to shipment of goods.
6. Additional rates are in effect.
7. France: Territory includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
8. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
9. New Caledonia, New Hebrides, Oceania.
10. Portugal: approximately same rate for Portuguese Territories in Africa.
11. Certain essential imports are subject to a fixed rate of 2.10 pesos per U.S. dollar, and no longer require import permits. Other imports are subject to the free rate, and are under quota. Exports are subject to a variety of rates according to the product. Exports are divided into eleven categories for exchange rate purposes. Depending on the product, the export rates which apply range from 100 per cent of the free rate to 100 per cent of the basic export rate of 1.519 pesos per U.S. dollar.

Commodity Notes

Automobiles

BRAZIL—Production by Brazil's seven automobile factories is expected to total some 40,000 vehicles in 1957. The firms now producing are Mercedes Benz, Willys Overland, Vemag-DKW, General Motors, Ford, Volkswagen and Fabrica Nacional de Motores. Additional plants will be set up by Land Rover, Toyota and Fabral—Rio de Janeiro, Dec. 19.

Carbon Black

FRANCE—The first French factory to produce carbon black has been opened. Up to now, France has imported all her requirements, with 90 per cent coming from the dollar countries. This plant, located in the Marseilles area, has a rated capacity of 20,000 tons a day, sufficient to cover approximately 50 per cent of French needs—Paris, Dec. 27.

Chipboard

FINLAND—The Finnish chipboard industry is developing rapidly. The Viiala company began production in August 1956 and annual capacity is now estimated at 52,000 m^3 of board. Three other leading companies in the wood industry are building chipboard factories. Wilh. Schauman Ltd. will have an annual production of about 15,000 m^3, Hameen Vanery OY 15,000 m^3, and SOK 40,000 m^3. When these factories are operating Finland will have a total annual capacity of 100 thousand m^3 of chipboard, a large part of which will be exported—Stockholm, Dec. 17.

Clothes-pegs

SWEDEN—Swedish wooden clothes-pegs with spiral springs have for some time enjoyed a good market in the United States, where the customs duty on them was only ten cents per gross. However, effective December 10, 1957, the U.S. duty was raised to 20 cents per gross. U.S. imports of clothes-pegs total about 1.5 million gross a year and Sweden is the principal supplier—Stockholm, Dec. 23.

Pepper

INDIA—The new pepper season has begun in Kerala. Unseasonal and irregular rain during the flowering period has damaged the new crop, and growers in south Kerala fear that the 1957-58 output may be smaller than in the previous season. The rain may delay the ripening of fruits. A preliminary estimate places the new crop at about 22,000 tons, compared with last season's 23,000 to 24,000 tons. With the heavy fall in the price of pepper, growers are not inclined to expand cultivation. The result may be stagnation in production, if not a gradual decline, and a loss in foreign exchange earnings—Bombay, Dec. 16.

Wood Pulp

BRITISH GUIANA—A United States firm plans to establish a wood pulp industry on the Essequibo River in British Guiana at an estimated cost of US$16 million. The plans call for a pulp mill with a daily capacity of 200 tons, two hydro-electric plants to provide power, docks and warehouses, and about 65 miles of railroad costing US$1.5 million. It is claimed that the mill will produce a high-grade wood pulp suitable for making paper, acetate rayon and cellulose film—Port-of-Spain, Dec. 12.

SWEDEN—Swedish wood pulp exporters are reportedly reducing their prices for most types of pulp in 1958. The price for mechanical pulp is already announced at £30 per ton (C.I.F. British east coast harbour) which implies a reduction of £2 per ton compared with the second half of 1957 and £3 compared with the price prevailing during the first half of 1957. The price decrease was to be expected in the light of the surplus of mechanical pulp which led to reduced production in 1957. The lower rate will probably be maintained in 1958.

The prices for paper pulp have not yet been announced, but apparently exporters are prepared to accept a price reduction of about £1 for the first quarter of 1958 compared with the last quarter of 1957. The price reduction will probably be less for unbleached sulphate, for which the current market is not too favourable from the seller's point of view.

Export prices for viscose pulp will remain the same as during the last two years—Stockholm, Dec. 19.

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